

EUROPEAN NEWS

Fraga successor to break with Spanish opposition grouping

BY DAVID WHITE IN MADRID

THE PRINCIPLE of taking one step back in order to be better placed to jump forward has been invoked by the new head of Spain's main conservative Opposition Party, Mr Miguel Herrero de Mison.

Making his first decisive mark as interim leader of Popular Alliance (AP) after the resignation last week of the party's founder, Mr Manuel Fraga, Mr Herrero has set the stage for breaking up the remnants of its policy of partnership with other right-wing forces.

A divorce between AP and the so-called Liberal Party (PL), its remaining partner in the Popular Coalition, is expected to be formalised next week following a meeting two days ago between Mr Herrero and the PL leader, Mr Juan Antonio Segurado.

Mr Herrero wants AP to contest next summer's municipal and regional elections on its own, in an effort to repair its own ranks before considering whether to join forces again. He is known to have regarded the coalition policy followed by Mr Fraga since 1982 with suspicion, considering that it

benefited the junior partners more than AP itself.

The 105 members of Parliament elected for the coalition in the general election in June included 21 from the Christian Democrat Party (PDP) and 12 from the PL. In numerous areas the preference given to candidates from the junior parties caused resentment in AP ranks.

The PDP quit the coalition immediately after the election, blaming Mr Fraga for the right's failure to increase its score. With four of the AP's own members having defected in the interim, a formal break with the PL would leave AP still as the main opposition group but with only 62 of the 350 seats in Parliament.

Gibraltar opposition leader Mr Joe Bossano said yesterday that the colony's airport should remain under British control.

He made his remarks to Parliament in advance of talks in London on January 13 and 14 between Sir Geoffrey Howe, the UK Foreign Secretary, and Mr Francisco Franco Ordóñez, his Spanish counterpart. They are expected to discuss joint use of the airport among other topics.

Czechoslovaks admit more oil spilled into Oder

BY LESLIE COLITT

ANOTHER SERIOUS oil spill has contaminated the River Oder, according to the Czechoslovak authorities. A similar accident last month resulted in a dispute with Poland.

A hospital near the industrial city of Ostrava in northern Moravia, was said to have accidentally discharged 32 tonnes of oil last

Tuesday into a tributary of the Oder. Troops and civilians workers were assigned to help contain the oil slick which was moving northward toward Poland which was notified of the mishap.

Early last month, Czechoslovakia said that some 30 tonnes of oil escaped into Ostrava's sewerage system and then into the Oder, kill-

ing fish and birds. The accident, caused by a defective oil separator in the heating plant of a cement factory, caused a running dispute with the Polish authorities who said they had been told too late.

Only last week the Polish Government spokesman, Mr Jerzy Urbas, said that about 150 tonnes of oil had been

extracted from the Oder after the accident. He added that Poland would demand compensation.

The main Czechoslovak Communist newspaper, Rude Pravo, reported, however, that only 50 tonnes of oil, or "at the most 30 per cent more," had entered the Oder. It also denied there had been any delay in warning Poland.

Rude Pravo said the cement plant could be fined up to koruna 500,000 (about \$50,000) and those responsible could forfeit three months wages. The factory would have to compensate for the damages, which the newspaper said was less than originally feared.

Another serious environmental accident occurred in West Berlin on Wednesday when about 50,000 litres of oil overflowed while being pumped into a full storage tank. Much of the oil ran into the nearby Teltow canal contaminating an area of 20,000 square metres. The East German authorities warned of the accident because the barge canal crosses East Germany.

Prague aims for 'minimum risk' economic reform

Leslie Colitt reports on Czechoslovak efforts to restructure management and planning while bearing in mind the repercussions of the last experiment in 1968

PRAGUE'S NEW fast food restaurant, done up in orange and white, looks at a glance as if it might be the first McDonalds in Eastern Europe. But instead of mass-producing hamburgers at a fast flip the Arbat, named after a street in Moscow, dishes out horseshoes and Russian pirogi in slow motion.

The restaurant is so badly managed and service is so poor that a perennial queue stretches out onto the street.

The Arbat is not unlike the Czechoslovak economy. While the Prague leadership has adopted some measures to streamline the centrally-planned economy, it has steered clear of more basic reforms aimed at creating market socialism. The memory of the Czechoslovak Communist Party's reform

movement in 1968 dies hard.

The Communist Party, however, has now announced a "restructuring" of management and planning which is to begin next year and will include an experiment to give companies "greater independence and responsibility."

Mr Gustav Husak, the Czechoslovak leader, emphasised that the process would be gradual and would bring the economy closer to measures adopted in the Soviet Union and other Comecon countries.

One of Czechoslovakia's most outspoken and respected economists, Mr Václav Komarek, said in a recent interview that a comprehensive market-oriented economic reform was needed to halt the relative decline of Czechoslovak industry since 1945. The market had to be revived while maintaining full employment, he emphasised.

Mr Komarek heads the Institute of Economic Forecasting of the Academy of Sciences, which provides Prague's economic planners with more

reliable information than they can obtain from their own Government ministries.

Management, Mr Komarek said, must be given greater independence than under the present "inflexible" directive economy and prices in the future would have to reflect "real costs."

State subsidies to loss-making companies needed to be phased out, he noted. Speaking just before the latest economic experiment was announced, he said he hoped progress toward reform would now move faster.

"I am for greater managerial independence," he remarked, "but one measure is too isolated. Economic reform is a lot of interconnected measures."

leader Mr Mikhail Gorbachev.

Mr Komarek noted that Czechoslovakia's per capita gross domestic product was now of the level of south-eastern Europe, while in the 1930s the highly industrialised areas of Czechoslovakia out-ranked Belgium and Austria.

"Super industrialisation" after 1948 had led to a seriously unbalanced industrial structure with enormous energy and raw material inputs to fuel new heavy industry, all of which resulted in high unit costs.

Equally harmful, Comecon had lumped together such diverse partners as Czechoslovakia and Bulgaria, without taking into account their differing industrial traditions.

Czechoslovakia, with its industrial potential and skilled engineers and workers, still belongs to the advanced countries, Mr Komarek insisted, and must choose a "corresponding economic policy."



Husak: process will be gradual

The main task, he said, was one of "democratisation and social motivation," a phrase frequently used by the Soviet

lower productivity and quality than in the West. Czechoslovaks were still more efficient than the newly-industrialised Comecon countries. Their standard of living was also buoyed by the sheer mass of goods produced and the absence of competition in the East. Those days are over, however, and the Soviet Union is now demanding higher quality machinery, consumer goods and services from Czechoslovakia and other Comecon partners.

Mr Komarek said this opened up new opportunities for Czechoslovakia if it could successfully restructure its industry.

"Our economic position could become similar to that of Finland," he remarked, adding that he was an "optimistic sceptic."

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Table 2
Financial Advisers in UK Public Takeovers:
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Ranked by number of takeovers.

Financial Advisers	No. of Bids	No. of Defences	Total
1. Kleinwort Benson	17	26	43
	25	14	39
	13	14	
	9	16	

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Italy's Radicals lose an important voice

BY ALAN FRIEDMAN IN MILAN

MR ENZO TORTORA, the celebrated Italian television presenter who has become a leading spokesman for the country's tiny left-wing Radical Party, has announced plans to leave party politics and return to his show business career.

A former European MP, Mr Tortora is today expected to sign a two-year contract with the RAI state television network to begin a new series of his "Portobello" talk show. The plan to abandon the Radical Party has this week provoked a public row between Mr Tortora and Mr Marco Pannella, the party leader.

Mr Pannella, who is concerned that his party may have to disband more members are not recruited, went on television this week and issued an emotional call to Mr Tortora to stay.

"You are famous; you are a voice for us; we need you, Enzo," said Mr Pannella, staring directly into the camera and urging the television star turned-politician not to give up "the fight for judicial reform" which is the hallmark policy of the Radical party.

Mr Tortora said later that while he was returning to show business, he would still remain a member of the party. Mr Tortora was elected to the



Mr Tortora: back to show business

European Parliament in June 1984, a year after having been placed under house arrest for alleged ties to the Camorra, the Neapolitan Mafia. He resigned from Strasbourg in September 1985 after being convicted and sentenced to 10 years in prison. Three months ago, the conviction was overturned and Mr Tortora was cleared of all charges.

Greece draws up rescue plan for state companies

BY ANDRIANA HEGDIAKONOUI IN ATHENS

THE GREEK Economy Ministry has announced a salvage programme for six major public sector corporations, by means of which it hopes to convert its Dr 35.5bn (£180m) deficit for this year to a Dr 21bn surplus by the end of 1987. The programme will be applied to the Public Power Corporation, the Hellenic Aerospace Industry, the Water and Sewage Corporation, the Urban Transport Organisation, Hellenic Railways and the Hellenic Telecommunications Organisation.

Mr Yiannos Papantoniou, the Deputy Economy Minister, warned after announcing the salvage programme this week that "the ball is now in the management's court. The Government has done all it can."

The finances of the six are to be brought from the red into the black through the "rationalisation" of the price of services to reflect costs, the rescheduling of part of their debt to the state banking system, and their subsidisation through the state budget in order to "cover those costs arising from the exercise... of the Government's social and development policies."

Organisation is also to be improved to achieve higher productivity. Hiring is to be drastically curtailed, and the Government's tight incomes policy for 1987 is to be strictly enforced. Investments are to be limited "to reflect the credit restrictions imposed by the stabilisation programme."

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EEC approves plan to fight unemployment

BY WILLIAM DAWKINS IN BRUSSELS

EEC employment ministers yesterday gave their blessing to a package of policies for fighting unemployment and asked the European Commission to come up with specific job creation ideas by next spring.

But Mr Kenneth Clarke, the UK Paymaster General and chairman of yesterday's meeting, nevertheless insisted that the result was "a milestone in tackling the problem of Europe's 16m jobless."

The Italian Government yesterday proposed the formation of an EEC-backed fund to finance job creation in high unemployment areas, writes William Dawkins. The scheme envisages raising cash on commercial capital markets for on-lending, possibly with a European Investment Bank guarantee, to job creation schemes. Each state would be entitled to borrow in proportion to its own jobless total.

The so-called action programme for employment growth calls for progress on 40 points, split into four main areas: promoting new business and employment growth; improving the efficiency of labour markets by ensuring more flexible work patterns; training; and promotion of schemes to help long-term jobless.

Mr Abel Matutes, the Spanish Commissioner responsible for small businesses, means to propose for implementation of two Ecu 5m (£3.6m) schemes to assist small businesses and the development of venture capital. He also outlined a plan for an Ecu 50m EEC insurance scheme to provide guarantees for small innovative ventures.

What might well be termed an unholy alliance of Socialists, Communists and Greens from the left, and Christian Democrats from the right, combined to defeat the hastily laid plans of the British presidency over a tiny fraction of the budget—Ecu 88m out of total spending of some Ecu 33.3bn (£26.5bn). But behind such an insignificant sum—enough to finance the purchase of three months' production of canned fruit, in the words of the budget commissioner, Mr Heinz Christophersen—lie positively theological objections.

Budget dispute turns into a holy war

BY QUENTIN PEEL IN STRASBOURG

"IT'S AS BAD as a replay of the Thirty Years War," an exhausted official remarked after the European Parliament yesterday deliberately voted for budget stalemate in the EEC. "It is a question of religion on both sides. But how do you make Protestants become Catholics or Catholics become Protestants? It could be the first year the Community has had to operate without a budget for the full 12 months."

That is not the intention of the parliamentary rebels, who sought to call the bluff of the 12 member states by voting for spending above the legal limit. They want to pressurise the EEC budget ministers, and the EEC farm ministers, to cut spending on agriculture, and boost it on other schemes, like food aid, research, and regional projects. They believe a deal can be done in January.

The lower house of the Irish Parliament was last night expected to approve the Single European Act after a lengthy debate in which the opposition Fianna Fail party expressed serious reservations about the move towards political and economic unity in the European Community, writes Hugh Carney in Dublin.

Approval by the Dail would allow Ireland to ratify the act by the end of the year, meeting the Community deadline. Fianna Fail and other opposition parties said the act posed a threat to the neutrality of Ireland, the only Community member which does not belong to Nato. But the Fianna Fail government defeated an amendment to include a declaration of neutrality in Ireland's ratification of the act.

The trouble is that that could be the straw that broke the camel's back. The European Commission and the British presidency of the Council of Ministers had hoped for agreement on a basic budget, even if they knew it would have to be revised with a supplementary budget in the first six months.

There is a deficit of some Ecu 700m or more likely to be carried over from this year, because EEC revenues are lower than expected. And there is a spending overrun for 1987 already forecast at Ecu 3.5bn, which will have to be financed either by cutting the cost of farm spending by the long-awaited reforms, or by extra payments from the member states.

The Council of Ministers, as part of its hitherto feeble efforts at budget discipline, insists that Parliament cannot exceed half the maximum rate—this year 4.65 per cent out of G1 per cent. When the Parliament did so last year, it was taken to the European Court, and the Council stance confirmed.

The MEPs—particularly the Christian Democrats—are determined to break out of the straitjacket, at the expense of precipitating repeated budget crises. Hence the unholy alliance.

Yesterday's votes for extra spending, going beyond the

maximum rate, mean that Mr Pierre Pflimlin, the Parliament's president cannot legally sign the budget. Until agreement is reached with the Council of Ministers, the EEC will have to survive on emergency financing.

Then there are to be proposals circulated by Mr Jacques Delors, the Commission president, in the first weeks of the year, proposing ways of finding long-term solutions to the Community's continual financing crises. If the short-term budget crisis gets caught up in that debate, "we will have the worst of both evils," according to Mr Christophersen—and a very real prospect of no budget at all for the entire year.

Ex-SPD minister for union post

By David Marsh in Bonn

THE FORMER West German Finance Minister, Mr Hans Matthöfer, was yesterday appointed chairman of the trade union holding company which owns the troubled property group Neua Heimat.

The appointment comes into force on February 1.

The Neua Heimat group, Europe's biggest private housing company, has been at the centre of a scandal over mismanagement and corruption during the past three years. As the new chairman of the trade union holding company BGAG, Mr Matthöfer will be charged with working out a strategy for cleaning up Neua Heimat's tangled financial affairs.

Mr Matthöfer is the Social Democratic Party (SPD) treasurer, responsible for funding its election campaign. His appointment has led to concern that the party is identifying itself too closely with the trade union federation, whose image has been severely affected by the Neua Heimat scandals.

Yesterday's announcement coincided with the formal appointment of Mr Heinz Sippel, former head of the Hessische Landesbank, on a three-year contract to restructure Neua Heimat in co-operation with the group's banking creditors.

reform



Husak: press said

West Berlin on Monday when about 50,000 people overflowed the tank. Much of the crowd was celebrating the anniversary of the square because the late German authorities of the late crosses East Germany.

Medicals lose ant voice



Mr Tortora: had a

lower productivity and than in the West, Czech were still more education the newly-industrialized countries. These schemes of living was also being in the East. Those in over, however, and the Union is now demanding quality machinery, goods and services from Slovakia and other partners.

draws up rescue state companies

FINANCIAL... drawn up by the... state companies... in Athens...

Production cut favoured by majority of Opec

BY RICHARD JOHNS IN GENEVA

A CLEAR majority has emerged within the Organisation of Petroleum Exporting Countries favouring, in principle at least, a cut in collective output as a necessary precondition for raising price levels to around \$18 per barrel.

Opec's six-member market monitoring committee, which met on Wednesday night, is to recommend a reduction to the full conference here. The body is made up of chief delegates of Algeria, Ecuador, Iran, Iraq, Libya and the United Arab Emirates.

Yesterday, the first session of this biannual conference limited itself to dealing with administrative matters and the hard bargaining will not begin until today. The meeting has to resolve the apparent contradiction between engineering a rise of \$4-5 a barrel in prices and maintaining output at its present level as Saudi Arabia and its allies have hitherto insisted.

Re-establishment of a fixed price around a central reference of \$18 per barrel as demanded by King Fahd of Saudi Arabia and accepted by the Opec consensus will be the main issue here at the top of the redistribution of output quotas.

Setting a price on the basis of a basket of seven crudes, as recommended by the ministerial pricing committee, is itself will be a complicated task. Even more intractable in the challenge of devising an equitable system of price differentials for other Opec crudes of a kind that does not discriminate against some member states, thereby tempting them into discounting official prices.

The problems are emphasised in a report by Opec economic experts who met in Vienna last month. It says that the mathematical model for adjusting them generally accepted by members will have to be revised. That would require further talks by "a special committee of highly qualified experts." That alone could delay any attempt to restore a flexible price system.

The production quotas committee is understood to be recommending that finalising a definitive accord on production sharing is too complex a problem to be resolved at this conference. It is proposing that the current interim pact be rolled over.

At the last marathon meeting here in October, one allegedly devoted to the question of quotas, Saudi Arabia and Kuwait gave notice that adoption of a new system based on "scientific" criteria must be agreed here for implementation to start on the start of 1987.

However, Mr Hisham Nazari, the Saudi acting oil minister, is expected to drop the ultimatum quietly so that Opec can concentrate on the burning issue of fixed prices based on \$18.

Italian Communists aim for Western union group

BY JOHN WYLES IN ROME

ITALY'S largest trade union confederation, the Communist-led CGIL, is mounting a campaign in favour of its attempt to join a bastion of social democracy in the Opec's Trade Union Advisory Committee.

But the CGIL is likely to have kept waiting for an answer until next autumn. Even then, the door may be shut because of opposition from the US union federation, the AFL-CIO.

The CGIL application, already warmly endorsed by Mr Giulio Andreotti, the Italian Foreign Minister, is partly an attempt to avoid embarrassment during the run-up to next May's world economic summit in Venice.

Unions from the host country usually invite fraternal federations from the other six summit nations to a pre-summit meeting which prepares policy recommendations for the Heads of Government.

The CGIL leaders say their absence from an Italian-sponsored pre-summit consultation would be unthinkable, but Mr Lane Kirkland, the former AFL-CIO leader who is president of the OECD Union

Advisory Committee, might stay away. He boycotted the labour meeting before London's summit three years ago because the British TUC invited the CGIL.

The other two non-Communist federations, the Cisl and the Uil, are likely to support the CGIL application to the OECD committee.

For the last decade, the CGIL has been moving in from the extreme Left in step with the Italian Communist Party. It left the Soviet-inspired World Federation of Trade Unions in the mid-1970s in order to become a member of the European TUC, which is the EEC's main trade union forum.

The Italian confederation's new president, Mr Antonio Pizzinato, is a strong supporter of pan-European union ties, but the Communist confederation's adoption of many Social Democratic values has not been enough to win it total acceptance in other Western countries.

A genuine sign of the CGIL's conversion, it is argued, would be an application to join the International Confederation of Free Trade Unions, which is non-Communist.



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AMERICAN NEWS

Canada 'linked to Iran arms deal'

CONGRESSIONAL committees yesterday continued their investigation into the US arms deal with Iran as evidence emerged of new international links in the controversy surrounding the Reagan Administration.

Stewart Fleming on the President's handling of the White House crisis Reagan's allies press for the truth

SINCE the end of the Communist witch hunt conducted by the House committee on Un-American Activities, the citizens of the US have been accustomed to seeing labour racketeers and hoodlums, not admirals and war heroes from the White House, telling the authorities that they do not respond to questions because they might incriminate themselves.



Lugar: believes staff shaken is needed

years of the 1980s, in part by seizing some powerful and fundamental themes and identifying himself and his party with them. (They have been accused of judging from recent election results).

Mexico debt plan 'not a precedent'

MR WILLIAM RHODES, chairman of Citibank's restructuring committee dealing with developing country debt, warned yesterday the bank did not view the Mexican rescue package now being finalised as a pattern for other debtor countries.

PARIS DENIES INVASION PLAN France builds up forces along Surinam border

THE FRENCH Government said yesterday that it had reinforced its contingent of border guards along the 500km frontier dividing French Guiana from Surinam, now embroiled in a worsening civil war.

Reuters to be sued in US over merger plan

REUTERS Holdings, the international business information group, and its parent, which operates a securities dealing network, are being sued in the US over the terms of their proposed \$120m (£71m) merger.

WORLD TRADE NEWS

Soviets put on a trade show for China

THE LARGEST Soviet trade exhibition in China for more than 30 years opens here today, highlighting the drive by Moscow to improve political relations through closer trade links.

Japanese thwart hopes of early accord on mixed credits

OECD countries have abandoned hope of reaching agreement this year on new rules for mixed credit development aid and concessional credits because Japan has continued to hold out against new formulae for calculating the effective level of grant in each package.

John Murray Brown reports on an international trade dispute over subsidised finance Jakarta becomes centre of soft loan battle

INDONESIA is the unlikely focus of a trade dispute between leading industrialised nations over the use of subsidised finance to support exports to the developing world.

Yeutter tries to break logjam on Gatt's Uruguay round

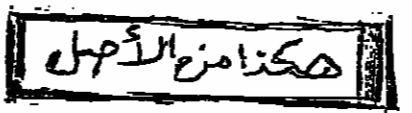
MR CLAYTON YEUTTER, the US Trade Representative, attempted here yesterday to loosen a logjam that threatens to delay the start of talks on the liberalisation of international trade.

Hopes rise for accord on Brazil's info-tech

HOPES are rising that the protracted dispute between the US and Brazil over Brasilia's policy on information technology will be solved at talks due to open in Brussels tomorrow.

Japanese parts plant for US

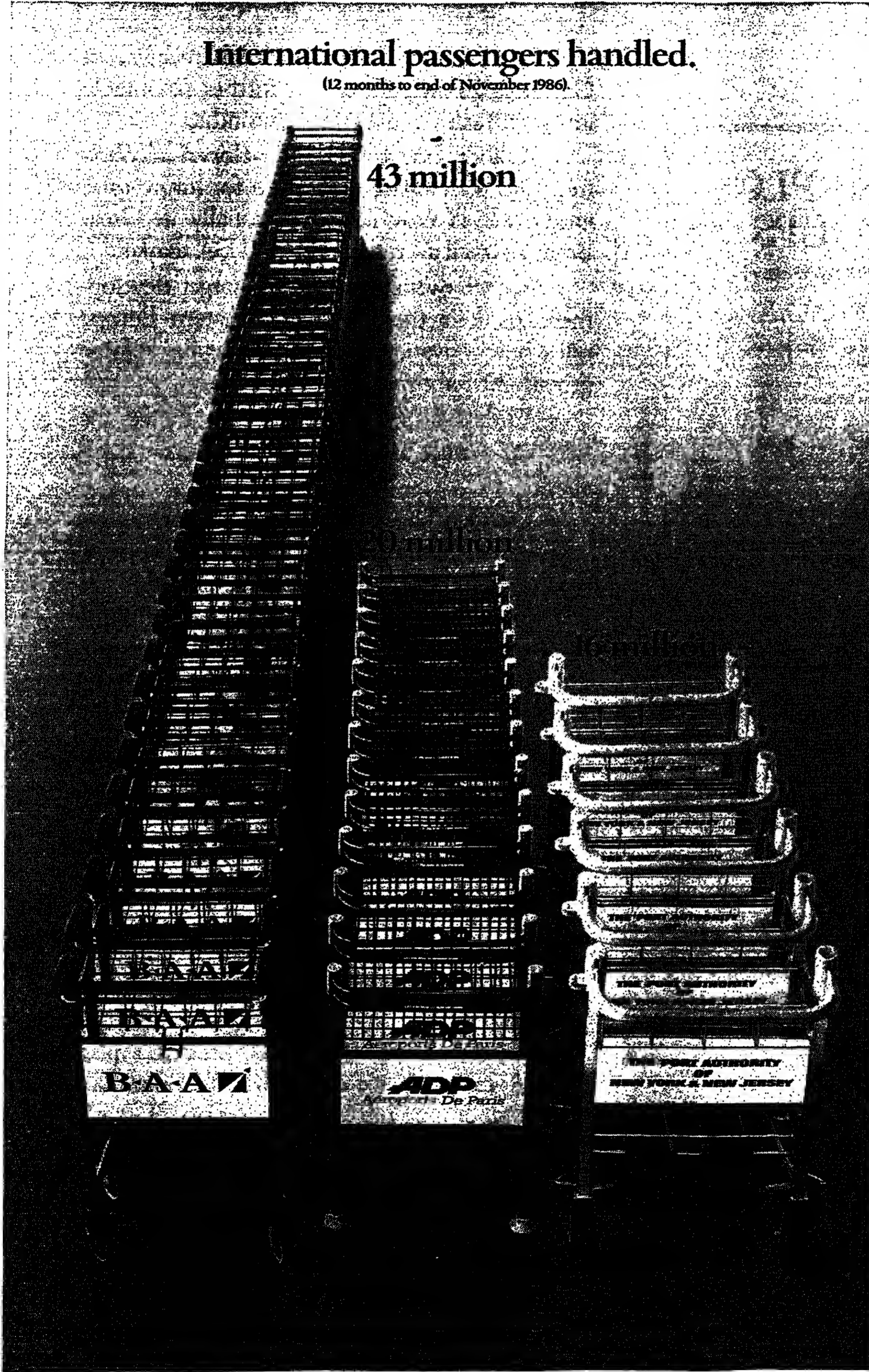
MITSUBISHI PETROCHEMICAL and Exxon Chemical America are setting up an equal participation joint venture in the US to make plastic-based composite materials for automotive components.



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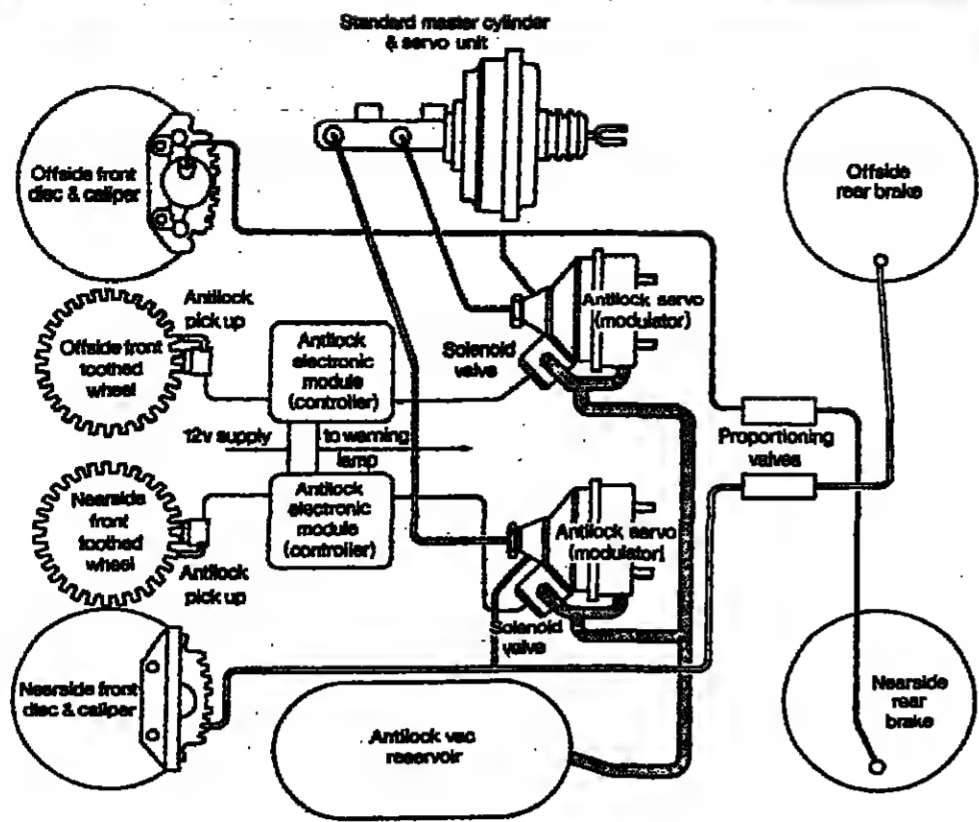
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GUINNESS PLC

Automotive Products / Lockheed Antilok system



Brakes come off as AP drives past competitors

BY JOHN GRIFFITHS

"LUCAS GIRLING obviously has some idea about the system now, and must be twitching a bit. But I think the Germans—Bosch and Alfred Teves—are likely to be even more worried."

"After all, we're talking about a system which is about one-fifth their price and which is just as good over more than 90 per cent of the sphere of operations."

Peter Crawford, managing director of the UK automotive division of components producer Automotive Products, was commenting on one of the better-kept motor industry secrets of the past few years—AP's new anti-skid braking system.

It goes into production next month at the company's Leamington Spa plant (where, ironically, the loss of 1,000 out of 5,000 jobs has been announced in the past few months).

The launch early next year will not be by AP itself. Instead at least one of Europe's largest car producers will fit the device to one of the Continent's biggest-selling models, with several other models—and car makers—to follow.

It is a modular system, with no moving parts, and is adaptable to medium and executive cars, large panel vans and even trucks up to 10 tonnes.

It has a current manufactured cost of under £150, though the target is to reduce this to £80 as production volumes build up.

This contrasts with existing electronic anti-skid systems produced by the West German manufacturers which add £700 or more to the cost of a vehicle. And the Lucas Girling SCS (stop control system)—a hydraulic-mechanical system designed specifically for front-wheel-drive cars—is currently available as a £326 option on most of the Ford Escort range (it is standard in some countries on high-performance Escorts).

Whereas the Lucas system incorporates a mechanical pumping system, driven by belts off each front wheel drive shaft, to operate its system, the AP Lockheed Antilok system simply taps into the car's existing servo vacuum or air systems (although a small low-pressure air pump can be fitted to provide an energy source as well).

AP has sub-contracted out the electronic sensors, modules, solenoids and servos which form the heart of the system, but assembly is in-house and it is clear that Crawford derives

much satisfaction from the way manufacturing has been organised.

The initial production operation, deep within the Leamington works, is contained in a single storey building, about 50 feet square. The operator's double-shift production capacity of 600 units a day is designed to be achieved by just one machine-setter/supervisor and nine operatives per shift.

"It's a totally just-in-time operation with no stocks kept," says Crawford.

The potential for the system, he claims, is enormous. "We could be doing 5,000 a day within five years, and that's just for Europe."

The main reason for this optimism is that Crawford, and many others in the motor industry, believe that in the longer-term the safety benefits of anti-skid systems are such that governments will come under heavy pressure to make them compulsory on vehicles, as has already happened with seat belts.

Despite the secrecy during the system's development, Crawford says contacts are already well-established with producers outside Europe on possible licensing agreements.

Although he refuses to comment directly on Japanese links, he points out that, much like 60 per cent of Japanese cars use braking systems built under licence from Lucas Girling, around 60 per cent of Japanese cars have clutches licensed from AP's Borg and Beck division—"so we are no strangers to licensing. Our policy is that where we can't manufacture it (the system) we will licence it."

Crawford, and chief engineer Ken Bunker, say they believe AP has a lead of "two and a half, maybe three years" over the competition in the anti-skid braking market. The advantage of the system, they say, is that it lends itself readily to further development to fulfil other functions, "like traction control, which we will follow through."

Their proclaimed confidence is based on the system's apparent simplicity (see diagram). What are described as toothed wheels, which in the schematic would be prestressed bolts to each front hub, equally could be minor crenellations machined into the drive shaft, and indeed are in the first application, a high-volume hatchback in the up-to-1.5-litre sector.

The system is "read" by an electromagnetic sensor fully encapsulated to protect it against wet and road dirt.

The output from the sensor is a signal that alternates at a frequency proportional to wheel rotational speed. The electronic control module operates on this signal, in effect by differentiation, to give a signal of wheel deceleration.

The maximum "normal" deceleration likely to be achieved in a car, van or truck is less than 1g. So the system "concludes" that if it is decelerating at more than 1g the wheel is about to lock up and the driver about to have his or her day spoiled.

At a predetermined value, the command module initiates the anti-lock cycle by energising the solenoid valve. The solenoid actuates the antilock servo, allowing the solenoid valve to admit air to the front of the servo. This overcomes the fitted load of the internal springs and actuates a hydraulic piston.

Initial movement of the piston shuts a ball valve, cutting off the master cylinder from the brakes. Further movement of the piston diverts the braking system's hydraulic fluid through extra channels, thus increasing the volume of the hydraulic system and reducing the pressure. Once the wheel speeds up again the process is reversed.

AP has set the system up so that the driver should feel no sense of drama. "We thought about whether we should use the approach taken by all the other systems, and allow a pumping action to be felt through the pedal. But we decided to let the system operate without subjecting the driver to the thumps," says Ken Bunker.

AP wanted a 4-8 millisecond response time, "and we believe we have achieved that," he says. And while the system is claimed to be capable of cycling at up to 16 Hz, a two to eight spread gives the best results and energy usage.

So the driver gets the ability, in a "panic" situation, to stop in shorter distances than an "ordinary" car, and to steer around an obstacle at the same time. Among the benefits AP sees is that the system offers the opportunity to integrate the system's electronic control systems with those of the car itself, in line with the progress to centralise car systems, and quite where that might lead in the end is difficult to discern.

Premium is put on bright ideas

BY PETER MARSH

COGENT, the technology-transfer arm of Britain's Legal and General Insurance Company, has taken a majority stake in Bioscot, a concern set up to commercialise technical ideas from two UK universities.

The acquisition illustrates the increasing interest by commercial groups in becoming involved in activities to take inventions from research bodies and turn the ideas into industrial products.

Cogent, which was set up three years ago and has invested £10m in technology-transfer projects in the UK, has 85 per cent of the shares in Bioscot. The rest of the stake is owned largely by the three organisations which set up the company—Heriot-Watt University, Edinburgh University and the Scottish Development Agency.

The original aim of Bioscot was to commercialise ideas in biosciences and medicine from the two Scottish universities, for instance the sale of diagnostic kits for detecting conditions involving blood clotting. It will now have a wider role in acting as a marketing organisation for a range of inventions involving biotechnology that Cogent will help to develop.

As a result of the acquisition, Bioscot has joined several other companies which are part of the Cogent group. The Legal and General subsidiary also owns Cogent Inspection and Condition Monitoring, two instruments concerns. Other parts of Cogent are Cogent Environmental, which sells systems for water purification and similar equipment, and Amazon Computers, a software company.

Mr Anthony Gray, Cogent's chief executive, says that gaining commercial returns from research ideas is a long-term

process. The companies in the Cogent group will build up sales only slowly. Only Amazon, which has annual sales of about £4m, has progressed beyond the start-up phase. Mr Gray is confident, however, that the different companies within Cogent "will be profitable organisations within a few years."

Cogent was set up with total funding from Legal and General of £20m. Of this about half has been committed. The brief of the company is to fund ideas from UK universities and contract-research organisations. Sales of products that emerge from these inventions will be sold either by marketing organisations within the group or by outside companies under licence.

Mr Gray is a former head of investment research at James Capel, the stockbroker which has also been involved in the UK venture-capital industry. He says the impetus for setting up Cogent was the thought that a large number of technical ideas in research organisations could turn into commercial products if properly supported.

Opportunities for Cogent appeared promising, following the Government's relaxation of rules governing the transfer of technology from UK publicly funded agencies. This change in the regulations, which took effect last year, permitted private-sector bodies to compete with the state-owned British Technology Group in taking ideas from publicly funded research bodies and injecting them into industry.

Among the academic establishments with which Cogent is working are Newcastle University, which is developing biological techniques that could have applications in medicine, and Kent University, which is researching new sensor techniques.



Kodak duplicates role in Britain

KODAK of the US has broken into the UK market for duplicating machines. The Ektaprint 300 is able to deliver over 0.5m impressions a month at about 100 copies per minute.

Kodak is aiming at in-house printing departments that might normally use offset litho printing presses. With a night shift the Ektaprint 300 could deliver 1m copies a month and is built to meet such capacities. Thus, the company is calling the machine a duplicator rather than a copier, although the technology is the same.

Outside the UK, the company has been in the high-volume copier market for five years, battling with Xerox.

The Ektaprint 300 can print different images on each side of the paper in a single pass of the sheet. A roller mechanism inverts the paper for the second image.

West Germans have edge in steadiness

IN MANY sheet and web-fed production processes there is a need to position the edge of the sheet accurately and prevent it wandering about, even at high material speeds.

Erwin Siek, a West German company, has designed the KR20 edge regulator which

uses an optical device to measure variations at the edge of the sheet. The differences from a reference line are used to generate position correction signals, keeping the sheet edge movements within small limits.

The optical system automatically compensates for varying material reflectivity and the colour or gloss of the moving material.

UK makes Japanese news in the US

EQUIPMENT MADE BY UK company Crosfield is now in use by Japanese newspaper Yomiuri Shimbun to send pages by satellite from Tokyo to New York and Los Angeles.

The pages arrive in time for editions to be printed in those cities for Japanese speaking residents and visitors.

Yomiuri Shimbun has a circulation of 13.9m, the world's largest. It is using two of Crosfield's Datrax page readers at the Tokyo headquarters to scan and compress the digitalised data for transmission at 56,000 characters per second. In the US, four Datrax writers expand the data again and put it on film from which conventional offset printing plates are made.

Fish farmers move into deep water

FISH farmers in Norway, Ireland and Scotland have already developed many sheltered coastal sites, particularly for salmon farming.

With the number of available sites running out, it clearly makes sense to look further afield, reports Sara Webb in Stockholm.

The problem in the past has been to design a floating fish farm which could withstand storms and large waves. Farnocan, a Swedish company specialising in offshore technology, has now developed a semi-submersible fish cage which can withstand waves up to six metres high and can be moored in more exposed sites up to 500-600 metres off shore.

The company has found that salmon kept under these

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conditions grow faster, have a higher meat yield, and are much healthier because waste products do not accumulate in the cage but are flushed out by currents.

The Farnocan device—known as Platform—consists of a sealed net attached to a floating pontoon. The volume of the net is 3,500 cubic metres.

It has an automatic feeding system which responds to water temperature and currents, and the fish can still feed, even if bad weather prevents a farm manager from reaching the cage.

Platform costs about SKr 1.2m (US\$175,000)

Simulated life in the silent service

ROYAL NAVY officers under training in the submarine service can now see through a periscope the same kind of realistic training images that pilots experience in flight simulators.

At a cost of £4m, a submarine simulator called Taciclair has been built for the Royal Navy by Ferranti of the UK. Already in action at HMS Neptune, a training base at Faslane on the west coast of Scotland, the system provides tactical training for the use of sonar, fire control and other systems on nuclear submarines.

Powerful microprocessors generate colour views through the simulated periscope. These can be changed by the instructor as the session proceeds and as a pupil reacts to situations.

CONTACTS: Kodak, UK office, 0422 81122; Erwin Siek, UK office, 0727 3121; Crosfield, UK, 0442 210011; Farnocan, Sweden, 010 0831 88 05 90; Ferranti, UK, 081 428 0771.

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ther fortified by the price of the agreement. In an oligopoly, four leading competitors said to share the dominance of their market by linking their dominance to a price of the shares before. However, the oligopoly would increase market forces—so that the oligopoly would have to make use of the 1973 Continental Competition Act. No doubt, applicants would welcome the Commission's blessing to restrict competition which would drive the price of the shares higher. On the other hand, there is a justifiable objection against the Commission's decision. The Commission's decision, legal as it may be, is not as simple as it seems. It is a major competition law ultimately for the Commission's German system for ministerial decisions. But one should not see the open political decision as a decision on economic grounds, and not over lawyers and bureaucrats.

Joint cases 106 and 107



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UK NEWS

Westland profits of £26m better than expected

BY DAVID GOODHART

WESTLAND GROUP, the UK helicopter company at the centre of a major political storm earlier this year, has reported a pre-tax profit for the year to the end of September of £26.4m, which is markedly ahead of City of London expectation and compares with a loss of £95.3m in the previous year.

It was last year's loss which led to the political battle between supporters of a reconstruction led by a wholly European consortium and the successful alternative of Sikorsky, the US helicopter maker, and Fiat of Italy.

That reconstruction led to an injection of £75m of new capital by United Technologies Corporation (Sikorsky's parent company) and Fiat which has left Westland with no net borrowings.

But Sir John Cuckney, Westland chairman, stressed that the profit figure and the 11 per cent increase in turnover to £344.4m reflected a significant underlying improvement.

However, he also said that, while the helicopter order books were full until the end of 1988, an "order gap" could arise before the EH101 helicopter comes on stream in 1991.

Sir John hinted at the need for support for Westland from Ministry of Defence (MoD) procurement policy and said: "We will not maintain an independent helicopter operation in the UK as an act of charity."

The MoD is currently reviewing its helicopter policy, and Sir John warned: "We must not fall below the critical mass level at which we cannot maintain an indigenous helicopter industry."

The company says that its association with UTC and Fiat - both of which hold 74 per cent of the equity - is already producing results and that an agreement was signed on Wednesday night for Westland to maintain the Sikorsky helicopters used in the North Sea.

It also emphasises that it is continuing to diversify out of helicopter manufacturing and has two other successful divisions - aerospace and technologies which account for just under 40 per cent of turnover and close to two thirds of pre-tax profit.

Westland hopes to fill the "order gap" with orders from Sweden, West Germany and Belgium and is also reviewing the possibility of transferring staff and equipment from the helicopter division to the other two.

The results have been boosted by a £10m reduction in research and development spending and a £5m pension fund holiday spread over three years.

But while £10m of an exceptional provision from last year has been released, an additional provision of £10m has arisen on a military export contract against which £20m was provided last year.

Westland is unable, legally, to pay a dividend on the ordinary shares, but there is a one-for-25 scrip issue. Shares closed at 85p, down 3p.

Windsor jewels for sale

BY ANNALINA MCAFEE

There had been speculation that the collection was to be left to the British royal family, but the Duchess, who died in April, left instructions that proceeds of the sale should go to medical research at the Institut Pasteur in Paris.

Many of the 200 pieces contain personal inscriptions and will attract the interest of historians as well as jewellery collectors.

The jewels will be exhibited in New York from March 17 to 22 before their sale in Geneva on April 2 and 3.

The magnificent jewellery collection of Wallis, Duchess of Windsor, is to be sold at auction in Geneva next April, Sotheby's announced yesterday.

The jewellery was given by the Duke of Windsor, who abdicated from the British throne 50 years ago yesterday because of disapproval about the Duchess's earlier marriage.

The collection, which includes diamonds, emeralds, sapphires rubies and 87 pieces by Cartier of Paris, is expected to fetch more than £5m.

Michael Cassell reports on Labour's W. German ally on a non-nuclear strategy Rau emphasises need for a strong Nato

MR JOHANNES RAU, the West German Social Democratic Party's (SPD) candidate for Chancellor, yesterday pledged support for Labour's non-nuclear defence objectives but refused to be drawn into giving a specific endorsement of the proposed withdrawal from West Germany of UK short-range, tactical weapons.

Mr Rau was in London for talks with Mr Neil Kinnock, the Labour leader, and to give the Blaschke Memorial Lecture to the Fabian Society. The SPD and the Labour Party last week released a joint policy statement on defence and disarmament in which they called for arms reductions and the eventual elimination of nuclear weapons.

The two parties are committed to the creation of a European pillar in the Atlantic Alliance, the strengthening of Nato conventional forces, a freeze on nuclear testing, the adoption of an "anti-use" strategy from 1987 and an end of support for the US "Star Wars" programme.

But Mr Rau yesterday emphasised that, while the two parties were agreed on their aim to achieve the lowest possible level of nuclear weaponry in Europe, any changes in Nato strategy were a matter for discussion involving all the Nato allies. He said that he did not agree with every aspect of Mr Kinnock's proposals but emphasised that they were united in their desire for a strong Nato and for disarmament in east and west Europe. The SPD, he added, still sought the defence guarantee of the US, Britain and France, but not on the basis of nuclear protection.

Labour's proposals again came under fire yesterday from the Government. Mr George Younger, the Defence Minister, said it was clear that, behind all the window dressing, the non-nuclear defence strategy would deal a body blow to the Atlantic Alliance which had maintained peace for nearly 40 years.

Mr Younger's last night claimed that Mr Kinnock was obscuring his real intentions and challenged him to give unambiguous answers to a series of questions. He asked if Mr Kinnock now accepted the protection of Nato's nuclear umbrella, whether he would go ahead with his promise to withdraw all nuclear protection from British troops in West Germany and whether he would confirm his intention to remove all nuclear forces from Britain.

Mr David Steel, the Liberal leader, claimed that Labour's defence policies offered a grim prospect of instability in the alliance and impotence for Britain. Neither Mr Kinnock nor Mr Denis Healey, the shadow Defence Secretary, could really believe that the process of worldwide disarmament between the super powers would be promoted by Britain "tating on its responsibilities."

Commenting on Mr Rau's reservations about aspects of Labour's strategy, Mr Kinnock acknowledged the existence of the nuclear umbrella while it attempted to accept Nato policy. He said he was against

allowing the US to make first use of its nuclear arsenal on behalf of Britain but that the existence of nuclear superpowers was a fact of life. If the US used them, it would be according to US priorities.

Mr Kinnock reaffirmed Labour's acceptance that it would have to accept the existence of the nuclear umbrella while it attempted to accept Nato policy. He said he was against



Mr Johannes Rau

Unisys to close plant in Scotland

UNISYS, the US computer group formed recently from the merger of Burroughs and Sperry, is to close its plant at Cumbernauld in Scotland with the loss of 360 jobs, Terry Dodsworth writes.

The former Burroughs plant is one of the oldest in Cumbernauld, the new town just outside Glasgow which has carved out a niche for itself by attracting high-technology companies. For the last year, however, the future of the facility has been under a cloud after the shutdown of manufacturing last February left it with an engineering and distribution function only.

Unisys, the second-largest computer company in the world, said last night that the decision was part of a worldwide rationalisation in the group aimed at achieving a workforce reduction of 8 per cent. Large-scale redundancies have already occurred in the US, where the company has closed four plants employing 2,230.

MPs are up all night debating education

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT and Opposition last night both claimed satisfaction after the House of Commons had sat continuously for 26 hours 18 minutes debating the education bill.

For most of the time between midnight and breakfast yesterday only a quarter of MPs were in the Palace of Westminster voting, although numbers rose later. The weekly Cabinet meeting had to be shifted from 10 Downing Street to Mrs Thatcher's room in the Commons.

In the process the bill to restructure the machinery for determining teachers' pay and conditions was passed in an unamended form, and Thursday's Commons business, mainly concerning Northern Ireland, was wiped out and duly rearranged for next Tuesday.

The whole proceedings were conducted with heavy parliamentary good humour as both sides obtained what they wanted. The Government had won approval for its bill slightly earlier than originally expected, and the measure will now, as planned, go for its second reading in the House of Lords.

The bill is likely to come under greater pressure to be amended in the Lords where the education lobby is strong. The bill replaces the current Burnham machinery for fixing teachers' pay with a new structure giving the Education Secretary the crucial say.

Mr Kenneth Baker, the Education Secretary, claimed that the Government's success in getting the bill through unamended would strengthen its hand in resolving the impasse to the teachers' pay dispute.

Most of the running during the night was made by Labour MPs. Mr Dennis Skinner spoke for 1 hour 48 minutes and Dr John Mair spoke for a total of 2 hours 40 minutes including two speeches of over an hour. Mr John Biffen, the Leader of the Commons, denied that the proceedings represented any sort of filibuster, but the bill was finally passed by 235-152, a majority of 83, with less than three quarters of the MPs voting.

British industry 'spending too little on research projects'

BY DAVID FISHLACK, SCIENCE EDITOR

A GOVERNMENT campaign is planned to get British industry to disclose its spending on research and development (R&D), in the belief that this will persuade private industry to invest more in research.

It was disclosed by Mr John Fairclough, the Government's chief scientific adviser, when he presented the annual review of Government R&D in London yesterday. The review discloses for the first time the low rate of spending on R&D within private industry in Britain.

Private industry is funding little more than a third of a total R & D bill of £8.5bn this year. Mr Fairclough, seconded by IBM as chief scientific adviser at the Cabinet Office, said the main lesson he had learned from his first experience of compiling the national R & D statistics was that British industry should be spending more.

He strongly favoured disclosure by companies of their research investment, as one of the most important things that might be done in the short term to stimulate greater investment. The City of London needed to have an understanding of a company's R & D plans when it made an assessment of its prospects.

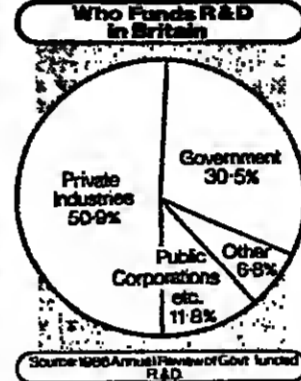
Mr Fairclough said he did not believe the answer was for the Government to pay any more towards industry's research. British companies were already over-dependent on government. His science staff were still studying whether disclosure of R & D investment should be made mandatory - as it was in the US - or voluntary.

In the past, the Government had been reluctant to add to the controls on industry by making disclosure mandatory, despite a strong recommendation from a House of Lords select committee.

Disclosure would not cure Britain's failure to turn new ideas into new products as efficiently as its main trading rivals, Mr Fairclough said. But he believed it could be a factor in persuading City analysts to take a longer-term view of a company's prospects.

He contrasted the attitude of Britain's chemicals and pharmaceutical groups, which spent their own money generously in pursuit of new products, with that of Britain's private defence and electronics groups, which took the view that the Government owned them research funds.

1986 Annual Review of Government-funded R & D. HMSO. £10 50.



Mellon economist sees 1-in-3 chance of US recession

BY HUGO DIXON

THERE is a one-in-three chance of a recession in the US next year, a leading American economist said yesterday.

Speaking on the third day of the Financial Times World Banking conference, Mr Norman Robertson, chief economist of Mellon Bank, said consumer debt had built up to such a level that there was "little or no room to reduce savings or accumulate additional debt." Consumer spending was likely to grow less quickly.

On top of this, he anticipated cutbacks in investment and house building, and a slowdown in public-sector expenditure. The budget and trade deficits would, however, persist. So not much of a boost to growth could be expected from exports.

Mr Hilary Roddy, chief financial officer of the International Finance Corporation (IFC), the World Bank's private-sector arm, said the industrial economy was in a "vicious circle."

"The reluctance of economic activity in the industrialised countries to accelerate in 1986 has forced the developing countries to adjust their own pace." The slowdown in Third World growth was, in turn, restraining growth in the industrial world, he said.

Sir Campbell Adamson, chairman of the Abbey National Building Society, said societies would not dive headlong into the rental housing sector when they were allowed to next year. The economics of providing rented housing were very unattractive. So it was essential that far-reaching changes were made to the Rent Acts, as the Government had promised.

Mr John Smith, the Labour Party's trade and industry spokesman, said the Securities and Investments Board, the City of London watchdog, should be a statutory body rather than a private-sector company.

Mr Geoffrey Fitcher, director general of financial institutions at the European Commission, said it was important that Europe had an efficient financial marketplace if it was not to lose market share to Japan and the US.

The Commission was pursuing this objective on two fronts. First, it was seeking to establish common banking regulations in all European countries; second, it was working for a free market.

Mr Robin Moore-Davies, managing director of IBCA, the banking analysts company, said there were signs of banks falling over themselves to get into securities markets, develop off-balance-sheet financing and pursue high-net-worth individuals.

This could lead to over-lending and bad debts in much the same way that previous enthusiasm for Third World and energy loans had.

Mr Kent Price, a former Citibank man who was now chief executive of Chloride, the electrical group, said retail banks would have to examine their costs.

To become more efficient, they would have to close branches and charge all customers the true cost - plus profit - of services they provided.

Mr James McDermott, a senior vice president at Keele, Bryette & Woods, the US banking research firm, said US banking faced three main problems: the poor quality of some of its earnings and capital, the high level of bad debts among certain banks and the risks posed by the rapid growth in contingent liabilities.

In assessing which banks would best be able to adapt to changes in the banking system, he said it would be critical to distinguish between well managed and poorly managed ones.

MARKETS in pulp and paper would continue to become more international, speakers told a Financial Times conference in London.

Dr Hartwig Geyfand, chairman of the Reichshilbe of West Germany, said the list of paper grades which ranked as world market commodities was growing longer. The desire to remain competitive, because it generally meant increased production, also forced companies to widen their markets.

As a net exporter of paper and board, he said, Western Europe would continue to improve its world share while the share of the US would decline.

"If there is an outlet for the rising paper capacity in North America, Western Europe and Japan, it can in the end only be in the developing world," he added.

Worldwide concentration of paper production should also continue, he said. Cross-border concentration in the industry would be the most important single influence on internationalisation.

Mr Bill Turner, chairman of Consolidated-Bathurst of Canada, said that any company with pretensions to be a long-term player in the industry had to have production facilities where the markets were, if only to protect itself against exchange rate fluctuations.

The trend towards joint ventures in developing countries was also likely to increase, he said.

Mr Bowen Smith of the US stockbrokers Solomon Brothers said that foreign producers were going to get increasingly involved in the US market and vice versa.

The restructuring forced on the US industry by investors such as Sir James Goldsmith was putting assets on the market, and this was

an opportunity which overseas companies should consider.

Profitability and cash flow in the US industry were also improving rapidly, and companies were anxious to spend their cash before they drew the attention of corporate raiders.

"The only reason they haven't spent it yet is that they are looking for things to buy over here," he said.

Mr John Worledge, chairman of Wiggins Teape, questioned how far internationalisation in world paper had yet occurred.

For a number of countries it was extraordinarily difficult to enter international markets, and the lack of an adequate home market was a barrier to internationalisation. However, he firmly believed that the international trend was on the increase.

Mr Bo Weryens, director general of the Swedish Pulp and Paper Association, said the goal of the European industry had to be sustained profitability. An important way to ensure this was by increasing the value-added component in the industry's products.

Mr Erling Lorentzen, president of Aracruz Cellulose of Brazil, said that Brazil would play a growing role in world paper and pulp markets.

Projects under consideration by Brazilian companies would add an extra 1.5m tonnes of eucalyptus pulp production by 1990. Aracruz itself planned to raise its capacity by 25,000 tonnes to 1m tonnes in that time, at a cost of \$1bn (£700,000).

Mr Fumio Tanaka, chairman of Oji Paper and also of the Japan Paper Association, forecast large growth in pulp and paper imports to Japan, with consequent restructuring of the domestic Japanese industry.

"Import dependence has increased steadily, and that increase has changed its focus from raw materials to finished or semi-finished products," he said.

Mr Christer Zetterberg, president of Holmens Bruk of Sweden, said the 5m tonne Western European market for newsprint was likely to grow by around 10 per cent by 1990.

He believed that Canada would continue to supply only around 600,000 tonnes to Europe, because of the import requirements of the US, and that operating rates in Europe would reach 94 per cent next year.

Mr Norma Pace, senior vice president of the American Paper Institute, said that changes in ownership, and restructuring of US paper companies would lead to greater US participation in world markets.

"We are concerned over what we perceive to be an anti-American attitude on the part of the European Community to our industry," she said.

"Free and fair are the conditions for every player in the game. Without that, there will be no game."

UK CAR production continued at a subdued level in November. Provisional estimates from the Department of Trade and Industry show output, seasonally adjusted, of 81,000 in November, unchanged from October.

WIGGINS TEAPE, the paper-making subsidiary of BAT Industries, has confirmed that it is to purchase Ceasa, the Spanish eucalyptus pulp maker, for £42m.

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Search for markets 'will continue to become more international'

BY TONY JACKSON



MARKETS in pulp and paper would continue to become more international, speakers told a Financial Times conference in London.

Dr Hartwig Geyfand, chairman of the Reichshilbe of West Germany, said the list of paper grades which ranked as world market commodities was growing longer. The desire to remain competitive, because it generally meant increased production, also forced companies to widen their markets.

As a net exporter of paper and board, he said, Western Europe would continue to improve its world share while the share of the US would decline.

"If there is an outlet for the rising paper capacity in North America, Western Europe and Japan, it can in the end only be in the developing world," he added.

Worldwide concentration of paper production should also continue, he said. Cross-border concentration in the industry would be the most important single influence on internationalisation.

Mr Bill Turner, chairman of Consolidated-Bathurst of Canada, said that any company with pretensions to be a long-term player in the industry had to have production facilities where the markets were, if only to protect itself against exchange rate fluctuations.

The trend towards joint ventures in developing countries was also likely to increase, he said.

Mr Bowen Smith of the US stockbrokers Solomon Brothers said that foreign producers were going to get increasingly involved in the US market and vice versa.

The restructuring forced on the US industry by investors such as Sir James Goldsmith was putting assets on the market, and this was

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WANG

MAKES

Friday December 12

Profits nearly 2x at Harvard Securities

By Barry Rhee

HARVARD SECURITIES has reported its biggest over-the-counter securities market, making its reported pre-tax profits 1.9 times higher in 1985 than in 1984. The company, which still has not received its securities regulator's authorisation which will be necessary under the Securities Act.

Applications to form a company, as an exempt company, under the Securities Act, and Finance (the Financial Services) Regulations, 1985, were submitted for several months ago. The company is now awaiting a decision from the Financial Services Commission.

Harvard's shares are over-the-counter listed on the Nasdaq National Market in the US, and Mr. Rhee, chairman, said the company was discussing a listing on the New York Stock Exchange with a view to a merger through an issue of stock.

Turnover rose from £51.1m in the year to £102.1m. The effect of a change in policy has been to increase profits by £192,000 and the customer base to include 150,000 private dealings are now made. Harvard emphasises the importance of a major commitment to the sale of small companies.

Mr. Wilmet said he wanted to become a stock exchange's partner in the share market. It has applied for membership of the stock exchange and if successful it would purchase an unlisted stock exchange membership which had made a takeover offer.

In any case, said Mr. Rhee, Harvard's expansion was under way and was being managed by a team of 200 staff. The company's turnover in 1985 was £102.1m, an increase of 97 per cent on the £51.1m of 1984. Regulatory problems in the US have not hindered progress of Harvard.

faces \$66m Court ruling

the creditworthiness of the company was in doubt at the time of the ruling. The court found that the company had acted in breach of its duties and was liable for damages of \$66 million.

After the exposure of the company's financial position, the court found that the company had acted in breach of its duties and was liable for damages of \$66 million.

will shed jobs

the company will be required to shed jobs as a result of the court ruling.

Docklands

the Docklands area is expected to see significant changes in the coming years.

WORK

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The Managing Director's Office

companies talk about the existence of computer systems. At Wang, the computer system is installed alongside any computer system and working together to be a full part of your company doing the work of a group of computers.

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Arts Week
F S Sa M Tu W Th
12 13 14 15 16 17 18

Opera and Ballet
WEST GERMANY
Berlin, Deutsche Oper: Der Barber von Sevilla has fine interpretations by Catherine Gayer, Kaja Borris...

Paris
Mmeo and Juliette performed by the Ballet de Tours with Jean-Christophe Mallat, Theatre de la Ville (4877 5442).

Italy
Milan: Teatro alla Scala: Nabucco, chosen by conductor Riccardo Muti to open his first season as musical director...

Exhibitions

WEST GERMANY
Tibbingen, Kunsthalle Philothenweg 78, Toulouse-Lautrec. A retrospective of 120 paintings and picture studies by Henri de Toulouse-Lautrec (1864-1901), ends March 15.

Washington
Washington Opera (Dorrance): The second part of the company's season at the Terrace Theatre features Don Pasquale in a new production by Douglas Wagner...

THE ARTS

Musee d'Orsay

The Museum of the 19th Century, one of France's prestigious presidential projects, has opened. It is in the heart of cultural Paris...

Theatre

Amsterdam, Bellevue Theatre. English-Speaking Theatre of Amsterdam in Michel Ceylan's play directed by Jill Sward (Tue to Thur) (247 228).

Table with 2 columns: Profit Category and Amount. Includes rows for turnover, profit before taxation, and profit after taxation.

TURNOVER AND PROFIT
(a) The comparison of turnover between the two half years needs to be seen in the light of changes in the composition of the group...

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THE ARTS

Cinema/Nigel Andrews

Aping ducks and chimps

Howard... A New Breed of Hate directed by Willard Huyck...

This week we have a homicidal chimpanzee, an extraordinary duck and a man who consorts with reptiles...

The cinema has attempted to solve this problem recently, at least with animals, by making sure the animals we see (at least those in main roles) are not played by animals...

More animals to come. In Link Professor Terence Stamp explains to his class of university students that the ape is man's closest evolutionary relative...

Howard, played in relay by seven different actors inside a duck's head, is an alien water-mel laser-beamed into Cleveland, Ohio, after a scientific accident...

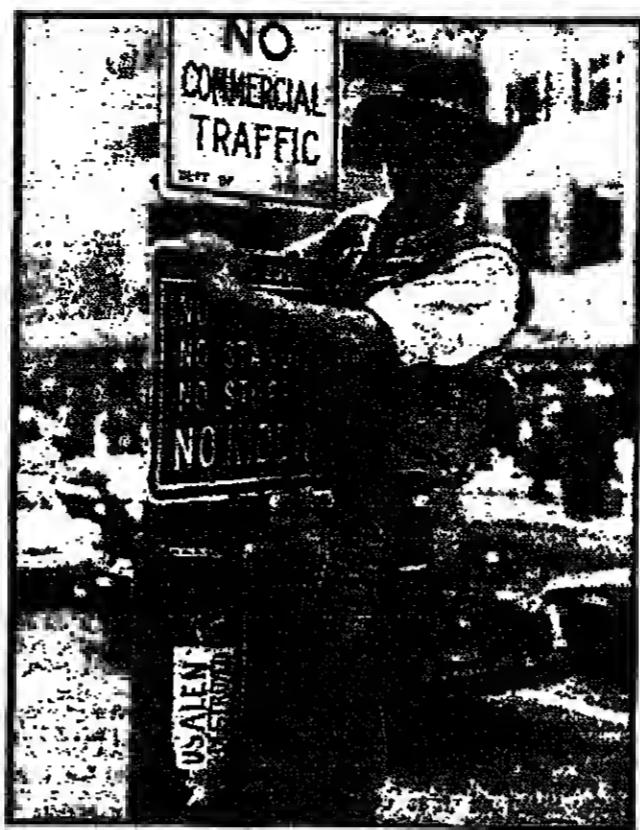
appears. Has he been murdered by Link the chimp who wears butler's clothing, smokes cigars and answers the door? It surely must be so...

George Lucas of Star Wars executive-produced this awe-inspiring comedy...

After all this, it is a relief to escape to Crocodile Dundee. The only animals here are dead or stuffed...

Paul Hogan is the amiable leather-facè from Down Under who advertises a well-known amber fluid on TV...

In Arthur Joffe's Harem we have no animals and no special effects, but I am not sure we have any human beings either...



Paul Hogan in "Crocodile Dundee"

nothing and has already reeked up \$100m after topping the charts for most of the autumn...

Will Kidnapped New Yorker Nastassja Kinski admit to life as a concubine to oil sheikhs Ben Kingsley? It's a thought...

These two stubbornly lifeless characters are pushed around the chess-board of a slow and circumspect plot...

New York opera and Off-Broadway theatre

L'Éloge des vieux continues

VIRGIL THOMSON was 90 last month. Amid many other celebrations, the Opera Ensemble of New York staged Four Saints in Three Acts...

Why Four Saints and Mother of Us All are not in the American repertoire, I have no idea...

little girly moustache—old but still spry—picking up a pretty girl at a dance; and later we saw them rolling about in bed together...

A few days later, a large, lovely lady sailed in from the wings, and though she was singing with authority...

and plenty of agility, though some of the ringing brightness has gone.

This opera, well, there wasn't really an opera there, in any serious sense. Even when new, ten years ago, this production of L'Éloge des vieux was unworthy...

Salvatore Fisichella, a short Sicilian terror, reaching barely to Emma Joan's shoulder, made a decent Met debut, singing freshly and clearly...

Andrew Porter

Satirical minstrels and sandy beaches

Joe Papp's main bone in the Public Theatre's LaSalle Street, New York, is closed for refurbishment until February...

In "Symbiosis" where a sharp-tongued businessman discards the garbage can all emblems of blackness from his beads...

touching, well-organised Massachusetts beach idyll, Coastal Disturbances, in which several varieties of feminine sensibility...

The Hobbit/Fortune

Martin Hoyle

I came late to The Hobbit, an undergraduate bemused by the general Tolkien idolatry...

The opening scenes illustrate how grim such a show can be without the audible response of children...

The strengths of Mr Watkins's production lie in Paul Latham's designs: not merely the attractive, cross-hatched rocky frame to the stage picture...

black and faceless, horned creatures that gleam with fluorescent green and pink bands...

Here, however, as elsewhere in the show, words fail to come across. The actors are muted, the elves even miming to a pre-recorded song...

The cast devotedly peopled the stage with birds and spiders, and—less admirably—dwarves with funny walks and faintly Goon-like voices...

Edward Downes/Festival Hall

Max Loppert

The concert of English music for the Royal Philharmonic Society invited Edward Downes and the London Philharmonic to perform on Wednesday...

After the interval Downes conducted Vaughan Williams's last symphony, the Ninth (1958)—another RPS premiere...

playing is spectacularly good for the most part, but it is more than just a show of youthful violin virtuosity...

After the interval Downes conducted Vaughan Williams's last symphony, the Ninth (1958)—another RPS premiere...

STANDARD BANK IMPORT AND EXPORT FINANCE COMPANY LIMITED \$US 75,000,000 FLOATING RATE NOTES DUE 1991

Arts Week Continued from Page 16 Theatre Spotlight Express (Apollo Victoria): Andrew Lloyd Webber's roller-skating folly has 10 minutes of Spielberg movie magic...

Chicago Pump Boys and Dinettes (Apollo Centre): Fantastic look at country music and down-home country life with a good beat and some memorable songs...

Washington The Marriage of Figaro (Arena): Christopher Durang's latest swipe at domestic life and marriage has an autobiographical air as it dissects three generations of a contemporary American family...

Brussels Conservatoire Royal: Bernard Lemmens, piano; Bech, Schumann, Liszt, Tchaikovsky (Tue); RTBF Symphony Orchestra conducted by André Vandenberghe with Jean Claude Van Dam Bryden, Lutz (Wed), (511) 6471.

Washington Metropolitan Chamber Players (Grand Foyer): Saint-Saëns, Beethoven, carols (Wed, 5.30). Free performance at Kennedy Center. Chamber Music Society of Lincoln Center: Concert Hall: Charles Wadsworth director: Schubert, Haydn, Beethoven, Takemitsu (Wed), Kennedy Center, (254) 4771.

Chicago Chicago Symphony (Orchestra Hall): Erich Leinsdorf conducting, Nabucco (Tue), Huma, Bartok, Berlioz (Tue), Erich Leinsdorf conducting, Donald Koss timpani, James Ross percussion, David Schurder organ, Milhaud, Fauré, Hindemith, Stravinsky, Kodaly (Thur), (435) 6111.

London London Philharmonic conducted by Sir Georg Solti with Andras Schiff, piano, Erik and Mahler, Royal Festival Hall (Mon), (928) 3191. Academy of St. Martin-in-the-Fields directed by Inna Brown, violin, with William Bennett, flute, Corelli, Bach and Vivaldi, Royal Festival Hall (Tue).

Saneman Founders Reserve Port No Longer Reserved To The English. Image of a man in a top hat and a dog.

New York Carnegie Hall: After half a season's hiatus for a complete renovation of the hall and entrance to restore its original look and freshness, the season opens with the Orchestra of St. Luke's conducted by Michael Tilson Thomas with Marilyn Horne mezzo-soprano performing Mozart, Beethoven (Tue), (247) 7800. The New Bel Canto (Federal Hall): John Kelly performs an opera povera, using 17th, 18th and 19th-century songs and arias to tell a sto-

ry of the American War of Independence as part of the knucktime concert series for the Wall Street area (Mon, 12.15). (Wall & Nassau Sts, 249) 9530.

Chicago A unique 15th century English jewel, unearthed with a metal detector in a Yorkshire field last year, was sold for £1,430,000 at Sotheby's in London yesterday.

The jewel was the first lot in Sotheby's afternoon sale of Medieval and later works of art. In the morning, a rare early Christian ivory pyxis used for holding the Eucharist after consecration—attributed to the workshop of the artist who carved the relief of Christ's healing miracles...

Friday December 12 1986

The Nimrod decision

BRITAIN'S CHOICE of a new airborne early warning (AEW) system is as controversial as its need for one is uncontroversial.

It should not be so. Politics should be as far as possible stripped away from the technical detail of procurement decision-making.

Ministers' choice Evidently, GEC has made great strides since March, when — at the same time as it was faced with competition — it was at last given its head to run the Nimrod AEW programme.

US demands on Europe

THE WHIRLWIND European tour by Mr James Baker, US Treasury Secretary, which includes bilateral talks with the finance ministers of West Germany, France, Britain and Italy, seems bound to raise expectations that a new international economic accord of some description is in the offing.

Suspicious confirmed A stronger card still is the continued threat of US protectionism — a threat which has almost certainly become more acute now that the Senate is in Democratic hands.

In the US eyes, the slowness of the US trade deficit to respond to dollar depreciation (the third quarter shortfall was a record \$37.7bn) has merely confirmed suspicions that trade

for ministers. In making it they will weigh a variety of politico-economic factors. One is the issue of cost — not the future cost, but the historic cost of nearly £1bn spent on Nimrod AEW development so far.

A second consideration is jobs. GEC Avionics claims 2,500 jobs depend on Nimrod continuing. This calculation seems to assume Nimrod winning substantial export orders.

Central issues The third consideration is the effect that buying AEW would have on the UK technological base.

Certainly, AEW systems which require long range, 360-degree coverage, and very complex data processing are at the most advanced end of radar. But Britain, which invented radar in the 1930s, still has considerable capability in radars for which there is far greater recurrent volume demand than AEW systems.

A MOTLEY collection of red flags, bristling with defiance, gives a cheery air to the rather tawdry creation, painted in blue, white and yellow, of the Japanese National Railways.

Elsewhere in the building, the mood is more sombre: in the face of bitter opposition from some sections of the Japanese Left and Labour Movement, the Japanese Diet (Parliament) late last month passed a package of eight Bills to abolish the loss-plagued Japanese National Railways and transform the shape and philosophy of the 114-year-old network.

Across the other side of the tracks from Kokoro's office adjoining Tokyo Station, the starting point for Japan's famous Shinkansen (Bullet) trains on their long journeys westwards, senior JNR officials are putting the final touches to a unique plan which, on April 1, will turn the network into six regional passenger companies and one nationwide freight concern.

For the Liberal Democratic Government of Prime Minister Yasuhiro Nakasone, the venture is a once-and-for-all attempt to break a 22-year cycle of mounting annual losses which reached a record ¥1,300bn (€60bn) in the year to March, and have raised total long-term liabilities to ¥37,300bn, more than the debts of Mexico and Brazil combined.

Divisions among the railway unions and opposition parties, and strong public support for financial reform of the network, have also strengthened the Government's hand. In addition, buoyant land prices in metropolitan areas are expected to produce a ¥8,000bn bonus from the sale of surplus JNR land over the next 10 years.

Nevertheless, the break-up is still one of the most controversial domestic issues in Japan

Japanese National Railways

Bracing for the break-up

By Andrew Baxter

Several sabotage attacks, which police blame on left-wing radicals, have disrupted the rail network, and last month the home of a senior JNR official was gutted in an apparent arson attack.

It is easy, therefore, to lose sight of the long-term trends and influences which have made some form of restructuring inevitable.

It remains one of Japan's most controversial issues

traffic down from 45 per cent in 1985 to 23 per cent today.

But motorisation came much later in Japan than in Europe and the US, where rural rail services began to come under pressure from private motoring in the 1920s and 1930s.

At the same time, while European countries have been taking an axe to their state networks, JNR's route network was growing — from 20,100 km in 1961 to around 23,000 km today.

Political pressures, however, have prevented JNR from closing loss-making local services outside the big cities, despite post-war depopulation of rural

areas. Lines in the three outlying islands of Hokkaido, Kyushu and Shikoku — a third of the total network — contributed less than 7 per cent of passenger traffic last year.

In such circumstances politicians could hardly fail to contrast JNR's sorry financial performance with that of Japan's 12 major private railway companies.

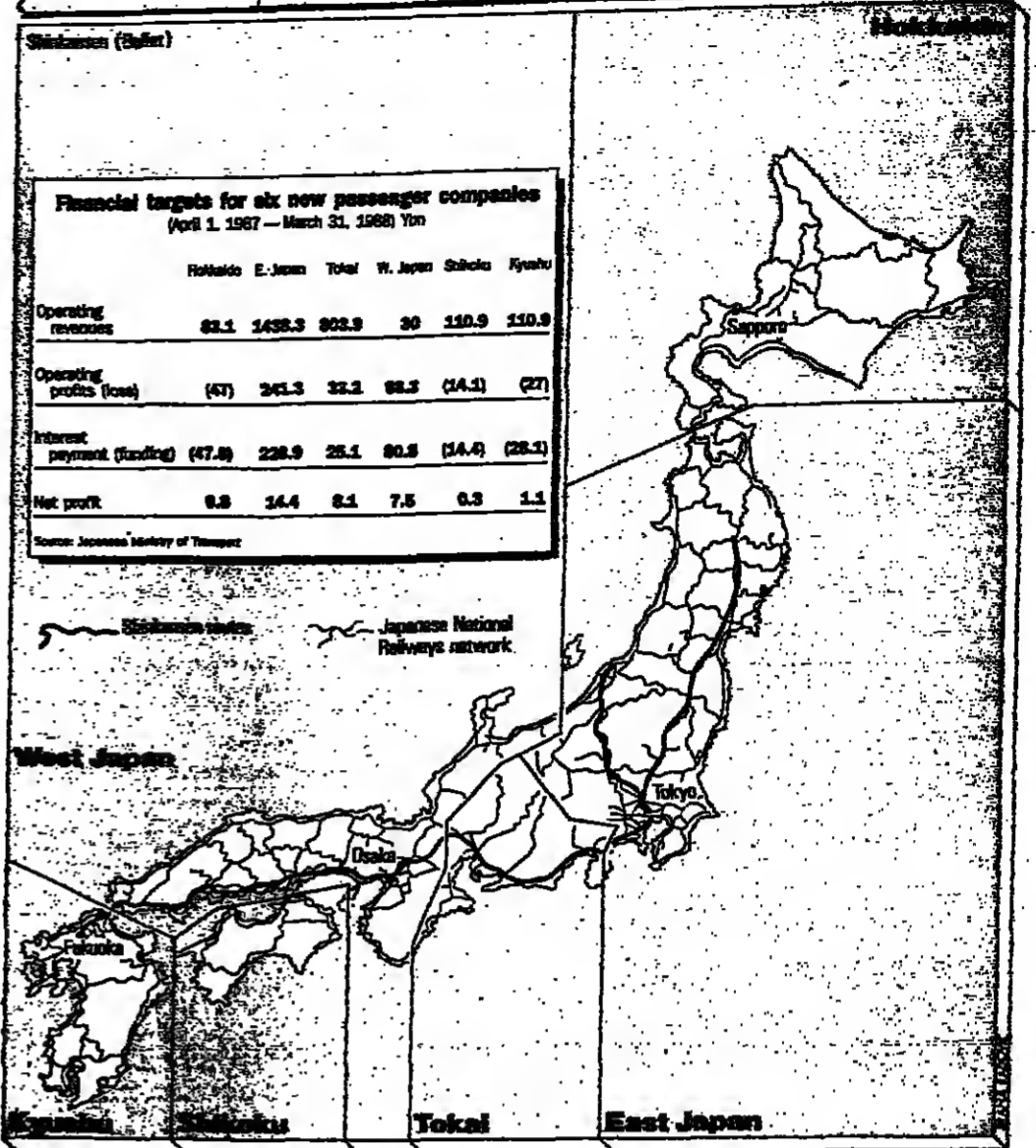
With names like Kinki Nippon Railway and Keihin Electric Express Railway, the private companies have steered clear of political interference, although fare rises have been regulated.

Now they are to be used as the role model for the break-up of JNR. The forthcoming legislation creates a law putting the new regional companies and the private railways on the same legal footing.

On the financial level, most of JNR's debt is being taken off the companies' hands to give them a solid financial start, while the less promising companies' outside investments are being given their networks free, with a ¥1,000bn special fund from which they are supposed to draw the interest.

In the long run, however, the management strengths of the new companies are likely to be more important. The legislation will give the former JNR executives free rein to set their own budgets and operating plans, while regulations on fare changes will be relaxed.

The aim is to reduce political control over the business. Mr Hiromichi Toya, the senior Ministry of Transport official



who drafted the JNR bills, says: "The Ministry does not have any intention to intervene in day-to-day operations."

The acid test will be the question of line closures. JNR and the Ministry have targeted 40 to 50 rural lines each year by less than 2,000 passengers a day and totalling some 3,000 km, for bus substitution or sale to the private sector in the next three years.

How will JNR's management, castigated for their unresponsiveness to the changing business environment, react to running limited companies which are intended in due course to be sold to private investors? The official view, as put forward by Mr Kamei, is that once executives are freed from the shackles of head office bureaucracy and political meddling, their natural managerial talents will come to the fore.

Others are not so sure. Mr Ryohel Kakumoto, a transport critic who has advocated a break-up of JNR for 10 years, says the biggest problem is the "distorted education" of some head office personnel who "believe that railways are almighty and will never be abandoned."

After April 1, however, the regional managers will face the toughest decision on marketing strategy and improving the standard of rail and related services, where the private companies are generally seen to have the edge.

And what about the workers, similarly and sometimes un-

fairly castigated by the Japanese press for laziness? On March 31, their employment with JNR will cease, and some 215,000 will be re-employed by the new companies.

This will create a powerful impetus as soon as they feel able, and railway workers know they will be expected to be more flexible. "One man, one job" rules are to be abolished and many former railway workers will in time find themselves working in hotels, station shops and even amusement parks.

JNR admits that if a worker's opposition to the plan is reflected in his work record, for example in absenteeism, it will be counted against him. For Mr Yoshio Inada, chief secretary at Kokoro, this is the nub of the entire break-up plan, which he sees as an attempt to smash the power of organised labour at JNR, and substitute the more docile, traditionally Japanese company unions.

While the Liberal Democratic Party will not admit this explicitly, the railway unions, and especially Kokoro, have a history of militancy and are a bulwark of the labour movement, even though legally they cannot strike. It is at least clear that quieter industrial relations are one of the Government's objectives from the break-up.

The official, long-term aim, however, is for the new companies to establish a solid profit record and be privatised in the

full sense. Before that, there are many hurdles to overcome. Mr Kakumoto believes it will be essential for the new companies to stay in the black and avoid further subsidies that would rekindle political interference.

As the table shows, the companies outside Honshu are only projected to make a minimal profit in their first year, and that is after interest received from their special fund, so there is little margin for error. Also, while the Ministry believes fares in rural areas will rise only gradually as cross-subsidisation from urban lines is reduced, most independent observers predict quite rapid increases of 50 per cent or more in rural fares.

Estimates vary widely as to when the new companies' stocks will be sold to investors. Some say it could be ten years, if ever. Before the "island" companies are ready to come to the stock market. But the three Honshu companies have demographic factors in their favour, and will be operating the existing Shinkansen lines under a leasing arrangement. Also, the Ministry's profit targets do not envisage much contribution from new businesses in the early years, and the Honshu companies may be able to diversify more quickly.

So there could well be a ready market for their stock in a year or two. It may not be too long before investors can decide for themselves whether, in the words of a private railway executive, JNR is "a sleeping lion" which begins to start running.

There is a happy land

We know that China's quest for foreign capital knows no bounds. But one of the latest efforts to boost foreign exchange earnings is likely to raise many an eyebrow among the country's revolutionary old guard.

Overseas Chinese are being offered plots in the rural "Chinese Government approved eternal graveyard" over the border from Hong Kong.

The advertising guarantees easy transport access, minimal bureaucracy, and excellent "fengshui". That literally means "wind and water", but actually means the harmonious balance of natural forces.

Men and Matters

worship was fiercely discouraged. Even funeral services were frowned upon. Those who wanted to bury their relatives in a traditional way would have to find corners of their farm fields, or would have to sneak a coffin up nearby mountainsides in the small hours of the morning for surreptitious burial ceremonies.

Since Mao's death in 1976 the more pragmatic Deng Xiaoping has allowed many compromises of Maoist principles in his effort to breathe life into China's moribund economy. He is famous for having commented that as long as a cat catches mice it does not matter whether it is black or white.

The Happy Longevity Real Estate Company is obviously taking him at his word.

Work out

Rupert Murdoch is visiting the land of his birth. And pausing between efforts to take over the Herald and Weekly Times group — which Sir Keith Murdoch once owned — the media magnate found time to tell The Age, Melbourne's rival publication, what he thought of doing business with Yanks and Poms.

"We have taken on the Brits and won a place there. We are still in the process of taking on the Yanks," said the now American citizen.

Shop talk An American woman I know, staying in a London hotel, struck up a friendship with the hotel porter. When her husband arrived, and was introduced, the porter made one or two remarks about the man's strong southern US accent.



Quality in an age of change. Observer

WHY IS the British Labour Party so divided? It spent the large part of the first half of this century coming into being, flourishing wonderfully in the mid to late 1940s and is spending the rest of the century falling to pieces.

As Mr Roy Jenkins, the botanical expert of the Social Democratic Party, might say: "It is like a century plant, a member of the genus Agave, a showy plant native to Mexico which flowers once after many years and then dies."

Three issues have tended to tear the Labour Party apart over the last 30 to 40 years. One is relations with the trades unions. Another is Europe. The third is defence.

There is absolutely nothing wrong with the party's concentration on such matters. All have been central to the British internal debate. Yet the Labour Party has emerged from them impaired in a way that the Conservative Party has not.

Two of them ought to be more or less settled, indeed practically are. Tory reform of the legislation affecting industrial relations has meant that the trades unions have been tamed. The unions have accepted that perhaps they over-reached themselves in the past. Their relationship with a possible future Labour Government would be much more arm's length. The old argument about nationalisation has lost a lot of its steam.

Europe has ceased to exist as an issue, at least in its old form. The Labour Party has accepted that British membership is here to stay. It may even be more progressive on some aspects of dealing with the Community than the Tories: for example, on the European Monetary System, on regional redistribution within Europe and on forging closer links with other European political parties.

The talks in London yesterday between Mr Neil Kinnock, the Labour leader, and Mr Johannes Rau, the leader of the West German Social Democrats, were part of the process.

It is a pity, however, that if it is a killer.

The far left will be right to say that the Labour Party's strategy for defence, "The Power to Defend our Country," published on Wednesday, is a fudge. It is the commitment to decommission Polaris and to cancel the Trident programme, made at the time of the party conference in Blackpool only two months ago, remain. But you have to look quite hard to find the reasons for this.

It is there; no doubt about that. Yet it is a cry from the ringing denunciations of American policy and nuclear weapons in general being made in Blackpool.

Politics Today

Mr Kinnock puts his shirt on defence

By Malcolm Rutherford

As Mr Kinnock explained in his US keynote speech in Boston last week: "There are 135 US military facilities in being or planned in Britain. That includes 25 major bases and headquarters, 35 minor and reserve bases, and 75 other facilities used by US forces."

"They include the early warning site at Fylingdales and a range of other major international communications and intelligence facilities such as those in Diego Garcia, Cyprus and Hong Kong."

"They include vital airfields such as those at Upper Heyford, Mildenhall and Lakenheath, and of course they include essential storage and other back-up facilities. Of the 135 facilities overall, just the Greenham Common Cruise Missile facility, the Molesworth Cruise missile facility (if it ever becomes operational) and the Possidon facilities at Holy Loch will be closed." (My italics.)

Mr Kinnock then said: "We will also require a change to non-nuclear roles for the F-111 at Upper Heyford and Lakenheath — and the removal of nuclear weapons from elsewhere."

That was a key sentence, even if it did not make up very much of the speech.

He concluded that particular passage: "The rest of the US facilities will remain and this contribution to Alliance and American security will be part of our continuing commitment to sustain the major obligations of membership of NATO."

So the message has changed, been refined or fudged since Blackpool. This week's policy document and the statements surrounding it confirm that. There is no time-table for the withdrawal of American nuclear facilities, although Mr Kinnock still speaks of "a year, perhaps a little more, perhaps a little less" for the technical requirements to be resolved. The policy statement also carries the reassurance: "Everything we do will involve consultations with our allies."

It may be said that realism has triumphed over idealism, and that the Labour Party will fudge even more as the general election approaches. Quite possibly, it will.

The Labour Party manifesto of 1984 said: "In 13 years the Conservatives have spent £23,000m on our defence, weaker than at almost any time in our history. Plagiant waste on missile and other projects has diverted funds and resources from urgently needed projects. Mr Macmillan's decision in 1957 to stake his all on Blue Streak, followed by further costly expenditure on Skybolt and now Polaris, means that the Navy too has been run down to a dangerously low level."

"The Nassau agreement to buy Polaris know-how and Polaris missiles from the USA will add nothing to the deterrent strength of the Royal Navy and it will mean utter dependence on the US for their supply..."



West Germany's Johannes Rau pictured in London yesterday with Neil Kinnock

Quite a lot of the Labour Party has never forgotten or forgiven the fact that the Nassau agreement was never seriously renegotiated. Indeed the word "renegotiation" was itself a fudge. A Labour Government kept Polaris, modernised it and then set about securing Trident as the successor.

Mr Kinnock is of the generation that remembers that U-turn. If for that reason alone, when he said that he was determined to rid the country of nuclear weapons, it was natural to believe him. Now he is on the same slippery slope of compromise as Harold Wilson before him. When they happen, the Labour Party, which has so far rallied round Mr Kinnock, becomes very difficult to control.

There are also some elements of intellectual sloppiness in Mr Kinnock's approach. He told his Boston audience that the Atlantic Alliance had survived "the dramatic change in French policy which took them out of the NATO military command in 1967, the renunciation of nuclear weapons by Canada in 1978, the refusal of Norway and Denmark to accommodate nuclear weapons on their territory in peacetime, the fact that Greece has negotiated a treaty which will mean the future removal of US nuclear weapons from its territory, the fact that Spain has voted to remain in NATO on the understanding that nuclear weapons

are not based on its territory, and the decision this year by the government of the Netherlands to reduce the number of their nuclear roles in NATO."

With the best will in the world it is difficult to see that any of those instances have anything whatsoever to do with the position of Britain today. The closest comparison would be France because France is a similar sized power—but then the French opted to keep nuclear weapons, not to abandon them. The other instances are either irrelevant or so out of date as not to count. Britain is, like it or not, a key member of the Atlantic Alliance, poised between the US and continental Europe.

It is also very striking that even the West German Social Democrats have refrained from giving an out-and-out endorsement of Mr Kinnock's detailed policies.

There is, too, Mr Kinnock's insistence on using any money saved from the cancellation of Trident for strengthening conventional forces. It is hard to believe that the electorate will take the Labour Party very seriously on this.

Besides, the International Institute for Strategic Studies, which is as objective as they come, has just stated in its latest Military Balance: "Our conclusion remains that the conventional military balance (in Europe) is still such as to make general military aggression a

Lombard

Problems exist to be solved

By Michael Prowse

WHAT WILL historians make of it? Britain hosts an EEC summit in December 1986. Although dots queues of lengths last seen in the Great Depression have haunted Europe for five years, the assembled leaders can agree on nothing more dynamic than measures to cut red tape and stimulate small firm creation. Official forecasts of double-digit unemployment persisting into the 1990s seem to elicit little alarm: the Kohl/Thatcher "steady as she slows" approach wins the day.

Professor Franco Modigliani in an Employment Institute lecture. The Nobel prize-winning economist, whom nobody could brand as a Keynesian extremist, outlined a co-operative growth strategy for Europe which puts the Commission's own more timid proposals to shame. Modigliani, who was active in the immediate post-war period, clearly retains the "can do" spirit of those times.

In his view, the first step must be to raise people's aspirations. People have wrongly begun to imagine that 5 per cent annual growth is the most that can reasonably be expected. Modigliani can see no objection in today's climate of low inflation and excessive labour supply, of aiming for a rate of expansion achieved between 1961 and 1973.

But the growth would not materialise without two forms of vigorous intervention. Governments need to impose an absolute freeze on real wage growth — Modigliani regards this as a "moral necessity" in present labour market conditions. But they also need to encourage, through incentives and subsidies, a massive transfer of resources from consumption to investment. He believes that to achieve the faster growth, Europe's saving rate has to rise by about five percentage points — to around 25 per cent of GDP.

The market, if left to itself, will obviously not deliver either a real wage freeze or much higher savings and investment. In the face of the worst job crisis since the 1930s, should politicians simply throw up their hands and say "so be it"? The intellectual grounds for inaction are flimsy in the extreme: it is no use complaining that incomes policies failed in the past (labour market conditions were then quite different) or that capital formation is adequate (for what? — 2 per cent growth?). Modigliani's speech was a welcome reminder of those happy days when statesmen had the guts to face up to social and economic problems.

The housing situation

From the Secretary General, Building Societies Association.

Sir—Bernard Kilroy (December 9) produced an ingenious, yet fatally flawed, explanation of the working of the housing market. He claimed that "the phenomenon whereby personal savings are primarily channelled into industry in Japan and West Germany, whereas in the UK they go into the housing market" is well known. Britain has devoted a lower proportion of its GDP to investment in housing than any other industrialised country. Over the period 1960-83 investment in residential construction accounted for 3.5 per cent of GDP in Britain compared with 5.1 per cent in the OECD countries generally. The figure for Japan was 6.5 per cent and for West Germany 6.8 per cent.

Mr Kilroy then managed to contradict himself by referring to equity withdrawn from the housing market which he regards as "national asset stripping of the most shortsighted kind" and can argue that money unduly goes into housing at the expense of industrial investment, or that money unduly comes out of housing, but he cannot argue both simultaneously.

Mr Kilroy also misunderstands the nature of the tax position of owner-occupied housing. He double counts twice — (a) he capitalises the value of tax relief in the purchase price, and then capitalises the value of the tax relief independently; and (b) he argues that on death a house is exempt from inheritance tax (sic) and that realised capital gains are tax free. The fact is that capital gains tax has been virtually abolished for most people, by virtue of index linking of gains liable to tax, and also by the annual exemption which is more than sufficient to accommodate the capital gains which owner-occupiers make.

It cannot be emphasised too often that the exchange of existing dwellings has only minimal effects on the real economy; what is involved is an exchange of real and financial assets and liabilities within the personal sector.

M. Botest,
3 Savile Row, W1.

Courage's pensions

From Mr M. Taylor.

Sir—In an article in yesterday's paper about the court decision concerning the Courage pension schemes there was no reference to that part of our statement made in December 1984 following the case, which we believe to be of some significance to those readers

Letters to the Editor

Interested in the contract entered into by Hanson Trust and Elders LXL for the sale of the Courage business.

The relevant paragraph in our statement read as follows: "In the course of Hanson Trust's acquisition of Imperial earlier in the year, Imperial had included in its profit forecast about £10m arising from a Courage pension contribution holiday. The purchase price paid by Hanson Trust reflected this figure. To the extent that any contracts whatsoever relate to funds within schemes remaining in the Courage group, Elders will increase the consideration it is paying to Hanson Trust to reflect the additional amount receivable by Hanson Trust may amount to £50m."

I believe it also needs to be constantly reiterated that in company pension schemes where members are to receive defined pensions for which funds are available to meet that obligation, it is not the responsibility of the employees. Thus for example where a deficit arises it is for the company to provide whatever resources are necessary to enable the promises made by pension funds to be met. We have on occasion had to take such

BTR's bid for Pilkington

From Mr E. Judge

Sir—The only basic industry in which Britain leads the world today is glass, solely because of Pilkington's skills in management and technology. To achieve the status vast sums have been spent continuously on research and development since the 1960s, when as a private company Pilkington poured millions into bringing to commercial success its revolutionary float glass process.

It is of vital national importance that Britain's efforts in industrial research and development be wholeheartedly encouraged and supported by company shareholders and by the City with annual expenditure on R and D ranking alongside profits in assessing a company's worth. There is serious concern, should BTR gain control of Pilkington, that R and D expenditure will be sacrificed

A developing market

From the Chief Executive, NatWest Capital Markets.

Sir—I must take issue with the inference by Lex (December 8) that the clearing banks have been the most vociferous among critics of the sterling commercial paper market.

The NatWest Bank Group, for one, has been consistently positive in its approach, recognising that many of its largest clients see value to themselves in such a market whether as issuer or investor. Had we not taken such

Accountancy ability

From Mr I. Manning

Sir—I take umbrage to your comment (December 2) that the Institute of Chartered Accountants in England and Wales is the "most important accountancy body." I am proud of my management accountancy ability (background), and after many years in the professional world of industrial accountancy, have seen many instances of your so-called "most important body" displaying a completely blinkered role lacking any responsibility for problems and being incapable of seeing even the most obvious of major discrepancies with friend. It is about time that the financial world recognised that chartered accountants do no more than check the adding up of the real achievers in industry.

I. T. Manning,
64 Gleadfields,
Pudborough, West Sussex.

Radial tyres for trucks

From the Public Relations Manager, Michelin Tyre.

Sir—On December 2, under the heading "Pirelli in £35m tyre investment" the last paragraph credited Pirelli with the recent launch of the world's first radial truck tyre. We wish to point out that Michelin introduced the first radial truck tyre almost 40 years ago in 1946. Thanks to its success in world markets, every major tyre manufacturer has now switched its production to virtually all radial. Many millions of Michelin truck radial tyres were sold before Pirelli began to make them in any quantity.

C. C. Rogers,
Davy House, Lyon Road,
Harrow, Middlesex.

WHEN you first handle a Patek Philippe, you become aware that this watch has the presence of an object of rare perfection. We know the feeling well. We experience it every time a Patek Philippe leaves the hands of our craftsmen. You can call it pride. For us it lasts a moment; for you, a lifetime. We made this watch for you — to be part of your life — simply because this is the way we've always made watches. And if we may draw a conclusion from five generations of experience, it will be this: choose once but choose well. A Patek Philippe — because it's for a lifetime.

PATEK PHILIPPE
GENEVE

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15 New Bond Street, London W1Y 9PF
Tel. 01/493 88 66

Sedgwick Group plc

has acquired

The Crump Companies, Inc.

The undersigned acted as financial advisor to Sedgwick Group plc.



The First Boston Corporation

December 12, 1986

Hawley Group Limited

has acquired the outstanding share capital of

Cope Allman International PLC

to effect a proposed merger of

Henlys Group Limited

(an associated company of Hawley Group Limited)

with

Cope Allman International PLC

The undersigned acted as financial advisors to Hawley Group Limited on this transaction.

The First Boston Corporation

Credit Suisse First Boston Limited

December 12, 1986

B.A.T Industries p.l.c.

through its wholly owned subsidiary

BATUS Inc.

has sold

Frederick & Nelson, Inc.

and

The Crescent Stores, Inc.

to

F & N Aquisition Corp.

The undersigned acted as financial advisor to B.A.T Industries p.l.c.



The First Boston Corporation

December 12, 1986

B.A.T Industries p.l.c.

through its wholly owned subsidiary

BATUS Inc.

has sold

Kohl's Department Stores, Inc.

to

Kohl's Holding, Inc.

The undersigned acted as financial advisor to B.A.T Industries p.l.c.



The First Boston Corporation

December 12, 1986

Friday December 12, 1986
FINANCE
oil assets

He said Standard Oil was...
Mr. Roderick also said...
USX has...
These are believed to...
USX has...

erman deal
The German private bank...
is to be re-named...
Roche, the Swiss...
had bought from...
New York.

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to the manufacture of...
versity into electronics...
investors than any other...
today, Reliance has

Fully Convertible...
Rupees each. Each...
conversion price of...
average price of the...
of 9th November was...
not an invitation to...
Full details of the...
Offering Circular dated...
terms of which alone...
may be made. For a...
and application forms...
following banks:

ISSUE
OPENING DATE:
22-12-86
CLOSING DATE:
24-12-86

ians to attend
1986 SALUBER

DEVELOPMENT

AFRIBANK

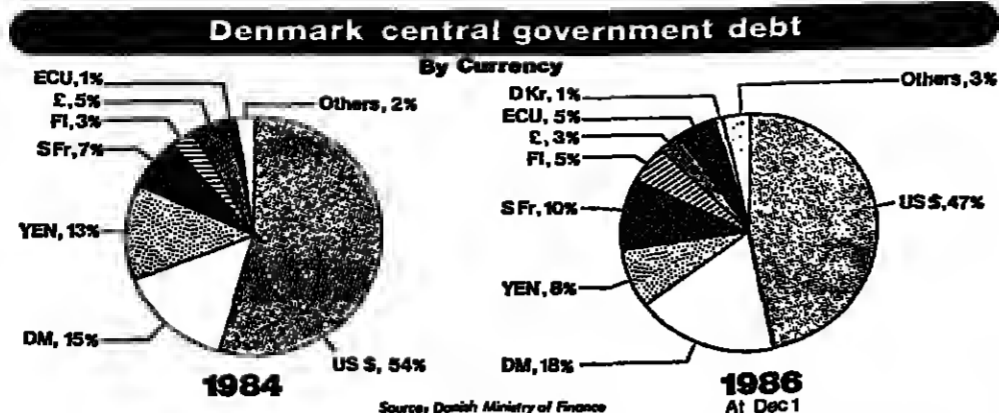
AFRIBANK

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Haig Simonian profiles a prominent sovereign borrower

Denmark pays the price of economic upturn

FEW BORROWERS have sparked such conflicting reactions recently in the Euro-markets as the Kingdom of Denmark. While mandate-hungry investment bankers have been queuing for flights to Copenhagen, their own bond dealers have been groaning under the weight of yet more Danish paper.



Unemployment is down from a peak annual average of 10.7 per cent in 1983 to just under 8 per cent today. Inflation has fallen from about 10 per cent a year when the Government took over to around 4.5 per cent. Meanwhile, Denmark's gross national product should reach 3 1/2 per cent this year, according to Copenhagen Handelsbank.

Denmark is a frequent visitor to the Euro-markets this year. In the past six weeks alone, the country has borrowed \$1bn in a fixed rate bond led by Shearson Lehman Brothers, Y&G in a fixed rate deal led by Nikko Securities (Europe); and Ecu 200m in a two-tier deal just arranged by Banque Paribas Capital Markets.

However, such a domestic economic upturn comes at a cost for any heavily import-dependent country. Danish companies have to import between 40 and 50 per cent of the input for every Dkr 1 of goods they sell abroad. So while the domestic economy has raced ahead, Denmark's balance of payments deficit has kept close behind.

Peugeot launches L50bn five-year Euroaira issue

PEUGEOT, the French motor group, yesterday became the tenth company to launch a Euroaira bond issue, just 14 months after the market was approved by Italian authorities.

The first Euroaira bond issue was a L100bn deal for the European Investment Bank (EIB) in October last year. This was followed with other issues for United Technologies (L50bn), General Motors Acceptance Corporation (L75bn), Eurofima (L100bn), the EIB again (L150bn), American Telephone & Telegraph (L100bn), Pepsi-Cola (L100bn), the Industrial Bank of Japan (L50bn) and Olivetti International (L70bn).

Bombay SE set to end restrictions on trading

THE Bombay Stock Exchange, India's largest, is set to remove restrictions imposed on trading last week, as share values surged yesterday. Investment institutions have been main buyers and several big chips, languishing for the past four weeks, have made substantial gains.

Shares of Reliance Industries — which are taken on record on the London and Hong Kong stock exchanges — rose Rs 10 to Rs 225, influenced by the successful flotation of its Rs 1.32bn (\$98.5m) convertible debenture offer to local investors. The BSE index for 30 sensitive shares was up 16 points on Thursday, bringing the total recovery in three days to 45 points, lost in three weeks before the recovery started.

Manny Hanny buys rest of Paris bank

By Our Financial Staff
MANUFACTURERS HANOVER has bought out its minority partners in Manufacture de Papier Banque Nordique, a Paris-based consortium bank formed to develop Scandinavian business. No price has been revealed for the transaction, which is expected to be completed by the end of this year, subject to official registration.

Canadian bank issues mortgage securities

CANADIAN Imperial Bank of Commerce has set the ball rolling in an important new segment of Canada's capital markets by offering a C\$20.3m issue of mortgage-backed securities insured by the Canada Mortgage and Housing Corporation.

£60m equity-linked bond for Thorn-EMI

BY CLARE PEARSON

THORN EMI, the electronics and entertainment group, yesterday became the latest in a string of UK companies which have recently issued equity-linked Eurobonds, with a £60m equity warrants deal led by County NatWest Capital Markets.

The first was a \$100m deal for Dayton Hudson, the US department store chain, which is rated double-A by Standard & Poor's rating agency. The five-year bond was priced with a coupon of 7 1/2 per cent and an issue price of 101 1/2 to give a net margin over US Treasury yields of 84 basis points.

Swiss group to take majority of Harpener

By John Wickes in Zurich
INSPECTORATE International, the Swiss-owned services company, is to take a majority stake in the Harpener group of West Germany at the end of the year. It intends to take the remainder of Harpener's shares at a later date.

Elsewhere the Eurobond market traded thinly and without direction. Attention focused on two mortgage-backed issues. Salomon Brothers International launched an A\$50m issue for FANMAC Overseas, a special purpose vehicle of First Australian National Mortgage Acceptance Corporation, which introduced Australian residential mortgages to the Eurobond market for the first time.

INTERNATIONAL BONDS

The 10 per cent issue is priced at 101 1/2. Trading in the D-Mark market was quiet and prices were mainly unchanged at the end of the day. A DM 150m 6 1/2 per cent bond for the European Investment Bank, launched on Wednesday, traded at about 99 bid, as against a par issue price.

Central Bank of the Republic of Turkey USD 50,000,000 TERM LOAN FACILITY. Includes logos for Privatbanken Limited and Sumitomo Bank Limited, and a list of providers and arrangers.

HKS250m CD for Dao Heng

DAO HENG BANK plans a HKS250m (US\$32m) five-year certificates of deposit issue, reports Reuters from Hong Kong. The issue, with a put option at the end of the third year, carries interest of 1 1/2 per cent above the three-month Hong Kong interbank offered rate. Front end fee is 1 per cent.

Japan to lift brokers' capital

THE JAPANESE Ministry of Finance said it will soon raise minimum capital requirements for brokerage houses because the total value of securities handled by small brokers is increasing, reports Reuters from Tokyo.

N. AMERICAN QUARTERLIES

Table with columns for company name, revenue, net profit, and net per share for various North American companies like Atari Corp, Braniff, and Swiss Francs.

FT INTERNATIONAL BOND SERVICE

Large table listing international bonds with columns for issuer, amount, maturity, and price. Includes sections for Floating Rate, Convertible Bonds, and various international issues.

INTERNATIONAL COMPANIES and FINANCE

MHI shipbuilding workforce to be cut

MITSUBISHI HEAVY INDUSTRIES (MHI), Japan's biggest shipbuilder, said yesterday it plans to close two of its shipbuilding berths...

First-half rise in earnings at Mitsui

By Yoko Shibata in Tokyo
MITSUI, the leading Japanese trading company, has announced that half-year net profits to September rose by 35.6 per cent over the same period last year to ¥2.8bn (\$17.2m).

Santos launches A\$201m counter-bid for Vamgas

BY OUR FINANCIAL STAFF

SANTOS, the Australian oil and gas company, has announced a A\$201m takeover bid for Vamgas, a fellow participant in the Cooper Basin oil and gas project in Queensland.

It would accept the NML bid, which has been twice enhanced from an original offer of A\$2.25 a share...

would take its ownership of the Cooper Basin fields over 50 per cent. The company said a takeover of Vamgas would rationalise the ownership structure of the oilfields, cutting costs and allowing Santos to accelerate exploration efforts.

Nippon Kokan in scheme to reduce working hours

NIPPON KOKAN, the Japanese steel company, yesterday presented its unions with a plan to reduce working hours at one of its plants by having workers stay at home for up to five days a month with reduced salaries...

BBK plans BD 54m share offer

Bank of Bahrain and Kuwait (BBK) announced yesterday that its board had approved the issue of 54m Bahraini dinars (\$145m) in new capital and accepted the resignation of its general manager...

Merger and Acquisitions Worldwide

Table with 3 columns and 10 rows detailing various corporate transactions, including GrandMet USA, Inc., AEGON N.V., Pharmacia AB, and others.

Sales drive by Japanese musical instrument maker

NIPPON GAKKI, the leading Japanese musical instrument maker, said yesterday it is to launch a worldwide sales promotion drive in January to counter the effects of the strong yen and to increase its market share...

GRANVILLE SPONSORED SECURITIES

Table listing sponsored securities with columns for High/Low, Company, Price Change, Dividend, and Yield.

Granville & Co. Limited
5 Lovat Lane, London EC2R 6BP
Telephone 01-621 1212

SONATRACH

U.S. \$50,000,000 Guaranteed Floating Rate Notes due 1992
For the six months 11th December, 1986 to 11th June, 1987 the notes will carry an interest rate of 7 1/4% per annum

LINFIN CORPORATION

U.S. \$100,000,000 Collateralized Floating Rate Notes due 2001
For the period 12th December, 1986 to 12th June, 1987 the notes will carry an interest rate of 6 1/4% per annum with an interest amount of U.S. \$1,579.86 per U.S. \$50,000 nominal

LINCOLN SAVINGS AND LOAN ASSOCIATION
U.S. \$100,000,000 Collateralized Floating Rate Notes due 1999

Midland Bank plc
(Incorporated with limited liability in England)
U.S. \$300,000,000 Undated Floating Rate Primary Capital Notes (Series 3)

UK COMPANY NEWS

Polly Peck to make double TI acquisition

BY CLAY HARRIS

Polly Peck International is to buy TI Group's small appliance businesses, Russell Hobbs and Tower Housewares, for £12m in cash...

ties and would not be issuing any equity, Mr Ellis said. Its balance sheet at August 31, to be published next week, would show cash on hand of £18m.

AE dividend policy to be reviewed

By David Goodhart

THE NEW board of AE has decided to review an earlier decision to pay a 5.3p net final dividend to shareholders following its takeover by T&N and Newall.

After T&N won control of AE last week it reorganised the board which is now dominated by T&N executives. T&N is unable to integrate the two companies because of the 28 per cent stake in AE which Mr Robert Maxwell's Hollis Group refuses to sell.

The decision to review the dividend policy for AE is widely regarded as a means by which T&N can increase the costs of carrying the stake for Mr Maxwell and thus pressure him into selling.

BAT buys Spanish pulp maker

BY CLAY HARRIS

WIGGINS TEAPE, paper-making subsidiary of BAT Industries, has increased its eucalyptus pulp capacity with the purchase of a Spanish manufacturer for £42m.

bought a 42 per cent stake in Soporcel, a Portuguese manufacturer with 300,000 tonnes of capacity. It also holds a large minority in Aracruz, a Brazilian pulp maker with 475,000 tonnes of capacity.

Wiggins Teape would encourage expansion of forestry in the Spanish hinterland as it had in Portugal. There is room for expansion on Ceasa's 50-hectare site, BAT said.

Bryant hits back at ECC offer document

BY CLAY HARRIS

Bryant Holdings, the Midlands-based housebuilder and property developer, yesterday dismissed as "misleading" an offer document which showed that its margins were higher than ECC's.

ECC responded last night that it had used a consistent basis of comparison in its offer document which showed that its margins were higher than Bryant's.

Phoenix Timber trebles profits

BY JANICE WARMAN

Phoenix Timber Group has completed the first phase of its emergence from the ashes with a substantial half-year turnaround to pre-tax profits more than trebled at £135,000 against £35,000 on turnover down 11.4 per cent to £17.8m.

to get the company back to sensible profits. "We expect the recovery to continue during the second half of the year, and we expect to recommend a final dividend."

achieved on a lower turnover because of discontinued business and firmer prices with better margins, he said.

The company has survived mounting losses and a senior management shake-up. In September it raised £5.2m with the issue of 7.26m new shares—the benefit of which came too late for these figures.

Mr Peter Quinn, chairman, who was appointed in March, has been implementing the company's rationalisation programme. He is cautiously optimistic. "I believe we have completed successfully the first phase of the long hard struggle

Fothergill & Harvey bid warning

BY CLAY HARRIS

Fothergill & Harvey, the Lancashire-based advanced materials processor and electrical materials manufacturer which is fighting off an unwanted £28.5m bid from textiles group Courtaulds, yesterday warned that it will lose its 50 per cent stake in US joint venture Cyanamid Fothergill if the bid goes ahead.

tech industries. In the year to end-November 1985, it made pre-tax profits of £376,000, and in the current year these are reckoned to rise to £580,000. F & H's total pre-tax profits in 1985 were £3m.

Cyanamid Fothergill is a jointly-owned company set up with American Cyanamid in George Seila has written to 1982, and makes advanced carbon fibre materials used in the aerospace and other high-tech industries.

American Cyanamid has an option to purchase F & H's stake for half CyFo's net asset value—less than £700,000—in the event of a takeover of the British company.

COMPANY NEWS IN BRIEF

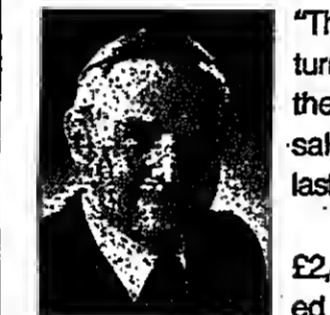
JOHN WILLIAMS of Cardiff (iron manufacturer): No final dividend (nil) for year to September 30, 1986. Turnover £11.4m (£12m) and pre-tax profit £220,021 (£25,071). Minority interest £35,938 (£2,411) and extraordinary debit £58,511 (credit £26,923). Earnings per share 3.52p (0.33p).

Table with 4 columns: Company Name, Date, Dividend, and Notes. Includes Avon Rubber, Bagbridge Brick, Brit Bull, British Telecom, HP Bulmer, Carr's Milling, Dee Corp, Eldridge Pope, Flexelid, Gee/Rosen, GUS, Greycoat Group, Kleeen-E-Ze, Notts Brick, RHP, Sidlaw, Syhone, Wagon Indust, Whesoco, and Yellowhammer.

RADIO CLYDE: Final dividend 2.25p (2.0p) per voting and non-voting share, making 3.50p (3.25p) for year to September 30, 1986. Turnover was £4.46m (£4.99m); tax charged £204,000 (£139,000). Net profit of £328,000 (£197,000) and earnings per share of 5.7p (3.4p). Proposed to enfranchise the non-voting shares subject to IBA approval.

GREYCOAT GROUP: Interim dividend 1.2p (0.5p) for six months to September 30, 1986. Turnover £2.22m (£1.78m). Tax £30,000 (£10,000) leaving net profit of £58,000 (£22,000) and earnings per share of 4.8p (1.8p).

British Telecom. Investing more than ever before.



"The current financial year has started well with total turnover for the first six months up 14.0% compared with the same period last year at £4,614 million. Excluding sales by companies acquired since the first half of last year, turnover grew by 10.7%.

Turnover from telephone calls grew by 9.4% to £2,423 million. Our inland telephone call volumes increased by 7% and international call volumes were up by 11%.

We earned £1,006 million before tax which represents an 11.5% increase compared with last year. Operating costs, excluding those of new acquisitions, increased by 14.9%.

Earnings per share in the first six months were 20.0% higher at 10.2p and we have declared an interim dividend of 3.35 pence (net) per share which will be paid to investors on February 23, 1987.

Your Board has confidence that satisfactory progress will be maintained through the rest of the year.

Our continuing strength makes it possible for us to invest more than ever before, to improve the service we give our customers and to secure the future prosperity of our company for shareholders and staff alike.

Our total investment in fixed assets for the year is planned to be over £2,100 million — up more than 35% on 1984, the year in which the company was privatised."

Sir George Jefferson, Chairman

INVESTING FOR A MORE MODERN NETWORK

Over £450 million of investment is planned this year on modern digital exchanges which are now being installed at the rate of one every working day. We have already laid over 100,000 miles of optical fibre — proportionately more than any other country. All this will improve the capacity and quality of the network and result in faster, clearer calls across the country.

INVESTING IN NEW SYSTEMS AND SERVICES

We are spending over £100 million this year to develop our directory enquiry and customer service systems. This is part of a continuing £700 million computerisation programme.

INVESTING FOR THE COMMUNITY

£160 million is being invested in a programme for modernising the public payphone service. There are now more boxes than two years ago — over half have modern equipment and many of them take phonecards. Every public payphone is now fitted with a device to help people with hearing aids and the new phone booths are easier to use for people in wheel chairs.

SECOND QUARTER AND HALF YEAR RESULTS FOR 6 MONTHS TO 30 SEPTEMBER 1986

Table with 4 columns: Metric, 3 months ended 30 Sept 1986 (unaudited), 6 months ended 30 Sept 1986 (unaudited), 3 months ended 30 Sept 1985 (unaudited), 6 months ended 30 Sept 1985 (unaudited). Rows include Turnover, Operating profit, Profit before taxation, Taxation, Minority interests, Preference dividend, Profit attributable to ordinary shareholders, Interim dividend, Earnings per ordinary share, and Interim dividend per ordinary share (net).

HALF YEAR FINANCIAL HIGHLIGHTS

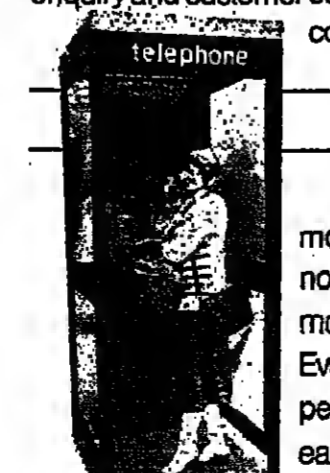
- Turnover up 14.0% to £4,614m. • Profit before taxation up 11.5% to £1,006m. • Capital expenditure of £987m wholly funded from within the business. • Over 90% of capital purchases from UK suppliers.

INVESTING IN RESEARCH

Many technical improvements now being introduced have been developed in our own research laboratories, the work there being part of our £180 million annual research and development programme.

Overall a record investment by British Telecom this year. A massive ongoing programme to transform our systems and services and to achieve our objective of matching the best telecommunications company anywhere in the world.

British TELECOM Investing for growth



IRELAND US\$300,000,000 Floating Rate Notes Due June 1988. In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 12th December 1986 to 12th June 1987 the Notes will carry an interest rate of 6.06% per annum, interest payable on 12th June 1987, will amount to US\$306.17 per US\$100.00 Note and US\$7,459.17 per US\$250,000 Note. Agent Bank: Morgan Guaranty Trust Company of New York, London.

L.G. INDEX FT for December 1286-1296 (+3) Tel: 01-526 5899. NEDLIBRA FINANCE B.V. US\$25,000,000 Guaranteed Floating Rate Notes due 1985 Guaranteed on a subordinated basis by LIBRA BANK LIMITED. For the three months 12th December, 1986 to 12th March, 1987 the Notes will bear an interest rate of 6 7/8% per annum and the coupon amount per US\$100,000 will be US\$1,809.37.

Korea First Bank (London Branch) U.S.\$20,000,000 Floating Rate Certificates of Deposit due 1989 (Redeemable at the Certificate Holder's option in 1987). In accordance with the provisions of the above Certificates, notice is hereby given that for the six months from 10th December 1986 to 10th June 1987, the Certificates of Deposit will carry an interest rate of 6 1/8% per annum. The interest payable on each U.S.\$500,000 Certificate on the relevant interest payment date, 10th June 1987, will be U.S.\$16,114.58. Agent Bank: Lloyds Merchant Bank.

British Telecommunications plc, 81 Newgate Street, London EC1A 7AJ. Telephone 01-356 5000. For daily information on the British Telecom share price, dial Shareline on: London 01-246 8022 Birmingham 021-246 8056 Edinburgh 031-447 0333 Glasgow 041-248 4400 Liverpool 051-488 0797 Manchester 061-246 8050 Belfast (0232) 8030 Bristol (0272) 215444 Cardiff (0222) 8037 Leeds (0532) 8038. If you would like a copy of the interim results leaflet or if you have any queries as an investor, please call us on this LinkLine number, which enables you to telephone from anywhere in the UK for the price of a local call: LinkLine 0345 010707.

UK COMPANY NEWS

Bulmer static but looking for a better second half

ALTHOUGH PROFITS of Hereford cider group, H. P. Bulmer Holdings, were little changed at the six months' stage the directors said yesterday that they expected the full year result to show an improvement over 1985-86's £11.8m pre-tax.

Good second half boosts Carr's profits

SECOND half pre-tax profits of Carr's Milling Industries increased from £471,000 to £617,000 and left the figure for the full year to August 30 1986 ahead of £1.48m, compared with £1.28m.

Under-utilisation holds down Whessoe's profit

Whessoe, the engineering holding company, reported wide variations in the pattern of results and activity levels of its subsidiaries and turned in pre-tax profit of £4.75m, down from £5m in the year to September 27, 1986.

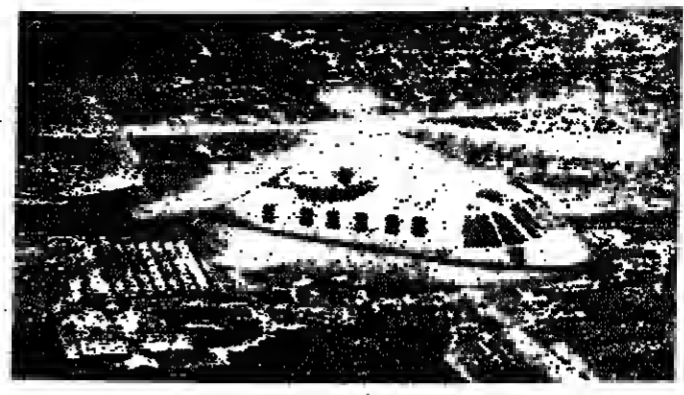
BOARD MEETINGS table listing various companies and their meeting dates.

Pericom more than recovers lost ground

Pericom, the USM-based computer, peripheral and terminals manufacturer, more than trebled its pre-tax profit in the year ended September 30 1986 with sales from £506,000 to £1.85m.

Michael Donne looks at the changing fortunes of Westland Signs are pointing to a lift-off

THE "ENCOURAGING" financial results from the Westland Group for the year to September 30 last, with an 11 per cent rise in turnover to £344.4m and a pre-tax profit of £26.4m, against the previous year's loss of £8.6m, are signs that the slow revitalisation of the group under Sir John Cuckney, chairman, is beginning to become effective.



The EH-101 multi role helicopter now under development for the early 1990s

Sir John stressed yesterday, in his first major statement since last winter's major political controversy over the company accepting the injection of £75m new capital from United Technologies of the US and Fiat of Italy, that "stability has been restored" and that the association with the new partners was "beginning to have tangible effects."

Westland's only possible course over the immediate future is to continue to pursue its own campaign for MoD orders for the Black Hawk, whilst also chasing overseas orders for both that aircraft and the Lynx 3.

An MoD order for Black Hawk for the Army would undoubtedly help to encourage overseas countries to buy that aircraft, but in the absence of any likely early commitment, Westland is forced to rely on its own marketing expertise, supported where necessary by Sikorsky.

Profits above expectations at £26m

FOLLOWING a traumatic year at the centre of a major political storm the Westland Group has produced annual figures considerably better than expected.

French boost for Wagon

Wagon Industrial Holdings, which has interests in material handling, storage, office equipment and engineering, reported a near 33 per cent increase from £2.4m to £3.1m in pre-tax profits for the six months to September 30 1986, from an annual £1.8m.

USM listing and rights for Avesco

Avesco, a television services group, is joining the Unlisted Securities Market through an introduction and simultaneously raising £3.1m in a two-for-nine rights issue in order to reduce borrowings.

Pre-tax profits increased by 30.2% Fine Fare integration proceeding well Interim dividend increased to 3.0p

INTERIM RESULTS table showing financial data for 28 weeks, 28 weeks, and 52 weeks to 8/11/86, 9/11/85, and 26/4/86 respectively.



The Dee Corporation PLC Silbury Court, 418 Silbury Boulevard, Milton Keynes MK9 2NB. Tel: 0908 607171

British Sugar sales down but profits rise

British Sugar, a subsidiary of S & W Berksford but which was shortly to be 70 per cent owned by the Italian Ferruzzi group if the Monopolies and Mergers Commission gives the go-ahead, reported a 10 per cent increase in sales to £53.8m from £48.8m for the year ended September 28, 1986.

Baggeridge Brick builds record profit of £2.2m

Baggeridge Brick, the brick manufacturer, reported record pre-tax profit for the fourth year running. On turnover up from £9.5m to £10.6m, the company turned in profit of £2.2m (£1.7m) for the year ended September 30 1986.

Syltone's profit slides

Syltone, the engineering holding company, saw pre-tax profit fall from £835,000 to £421,000 in the six months to September 30 1986.

Flexello reverse

Flexello Castors and Wheels achieved a marginal improvement in turnover, from £12.5m to £12.9m in the year to September 30 1986 but pre-tax profits tumbled from £785,000 to £579,000 due to losses of its Australian subsidiary.

Inchcape

Inchcape has agreed to pay £43.1m to buy Clarkson Puckett, the insurance broker acquired by Dalgety in July 1985. Because of a typographical error yesterday's report gave the purchase price as £4.1m.

HAVARD SECURITIES

HAVARD SECURITIES (dealer in securities and publisher of investment newsletters) company increased its turnover by 37 per cent to £1.2m from £875,000 in the year to September 30 while pre-tax profits showed a gain of 23 per cent to £1.91m (£1.55m). The proposed dividend is raised from 0.5p to 1.0p per share from earnings of 5.75p against 4.95p.

Flexello reverse

Flexello Castors and Wheels achieved a marginal improvement in turnover, from £12.5m to £12.9m in the year to September 30 1986 but pre-tax profits tumbled from £785,000 to £579,000 due to losses of its Australian subsidiary.

GEE/ROSEN ORGANISATION

GEE/ROSEN ORGANISATION (men's fashions): Interim dividend 0.5p (same); for six months to September 30 1986. Turnover £5.64m (£4.78m) and pre-tax profits £159,000 (£142,000).

THE PROPERTY MARKET By PAUL CHEESERIGHT

PENSION FUNDS

Storehouse searches for quick high yields

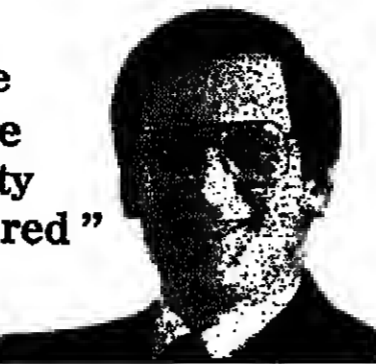
TERRY GODDARD takes a rigorous view of property investment. "Unless you see it as a mere trading asset and allow it to compete fully with other investments, you're just deluding yourself."

It is a significant attitude because he is one of the men the property industry like to court. He is a source of finance. He runs the Storehouse pension fund, a relatively small affair with £30m of assets and he is a trustee of the BHS pension fund with £100m of assets.

Pension fund managers more generally have indeed taken an equivocal view of the market. The WM Company, once the statistical service of Wood Mackenzie, the brokers, has traced the decline in pension fund investment.

"It's on the performance that property has floundered"

Terry Goddard



While most portfolios still acknowledge that the tailor-made high quality asset has its place, more and more interest has been shown in the opportunities that are likely to produce short term appreciation as a result of intensive management or risk-taking.

It is at this stage that the views of a chartered surveyor like Healey and Baker and Mr Goddard begin to part company. He conceded that he did not see property in the conventional chartered surveyor's way.

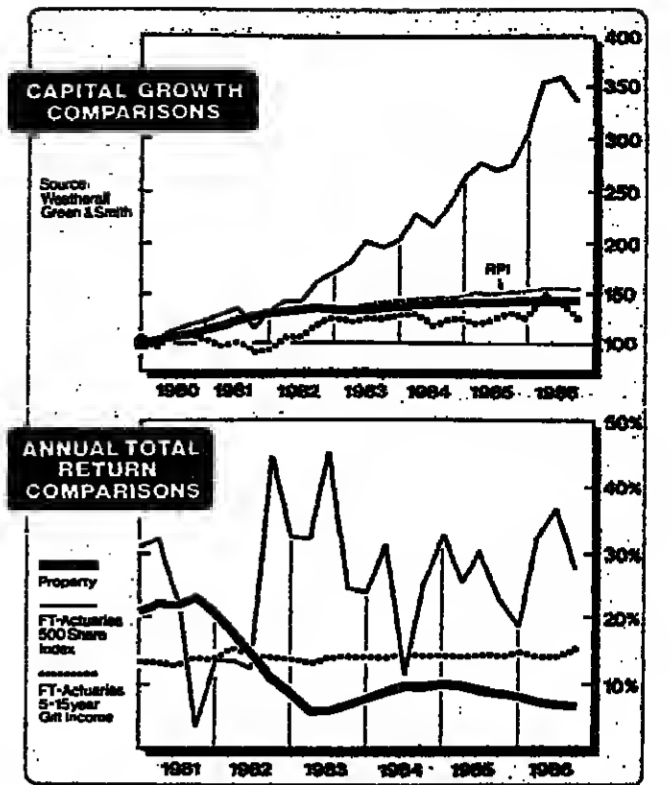
Thus he has bought an ICI warehouse in Manchester to show 14 per cent. Rent reviews will come on top of that. "It's like an ICI corporate bond," he commented.

Recently the Storehouse fund has bought the leasehold on two Sainsbury's supermarkets on an initial yield of 14 per cent. a leasehold property in Regent Street in London's West End on a yield of 12 per cent and an office and shops property in Sloane Street, Chelsea, which shows an initial yield of 12 per cent but will show after 1990 about 30 per cent.

These and other properties have permitted the Storehouse pension fund to better the return on equities over the past 10 years, Mr Goddard said. And the interesting thing here is that the fund, which has stopped taking in contributions, is solely invested in property.

It is difficult to quarrel with the approach to investment if it has provided the performance. And because the yields obtained have been high from the start any capital growth which may occur on the properties is like a bonus. Indeed, Mr Goddard talks very little of capital growth.

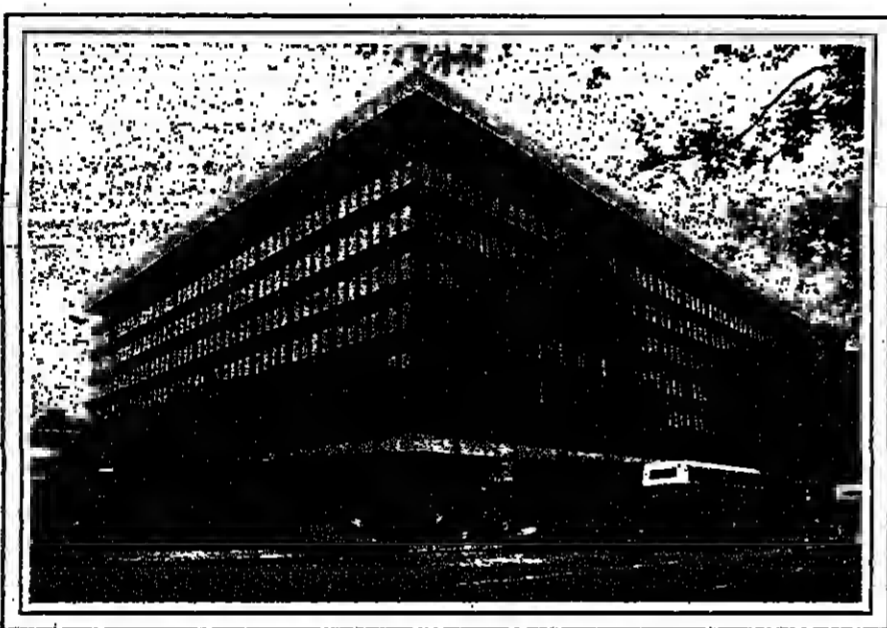
Which is probably as well. The Healey and Baker report advised that "the days when funds should seek to obtain the majority of performance out of capital gains (not that Mr Goddard has done this) are temporarily at an end; it is rental growth and rental performance on which attention should be focused."



What is less clear is where this is going to come from. For Mr Goddard retailing "for many years has been the safest bet—high demand, low space, strong rental growth. But suddenly the prospect is getting confused. There is total retail space in the UK of 75m sq ft. In prospect there is 31m sq ft in new schemes. What will that do to the old town centre values?" he asked.

Vertical text on the left margin containing various news snippets and headlines, including 'Testland', 't-off', and 'M... However, despite...'.

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Development Opportunities East Sussex, Crowborough The Largest Inland Town 7 miles Royal Tunbridge Wells

Investments For Sale RURY ST, EDMUNDS, SUFFOLK—Modern 9000 sq ft. Freehold Office Investment.

Advertisement for 13-17 Old Broad Street London EC2, featuring a large image of the building and text: 'Prime freehold property for sale', 'Existing building of 25,000 sq ft with redevelopment potential', 'St Quintin', 'Walker Son Packman', 'Tel: 01-236 4040 Tel: 01-606 8111'

Advertisement for Land Securities PLC: '25 EASTCHEAP EC3 IMMEDIATE OCCUPATION SELF CONTAINED AIR-CONDITIONED OFFICES APPROX. 8,600 SQ FT TO LET Richard Ellis'.

Financial Times Friday December 12 1986

FT UNIT TRUST INFORMATION SERVICE

UNIT TRUSTS

Table of unit trusts including Abbey Unit Tr. Mgmt. Co., Allied Dumbarton Unit Trusts, and others with columns for name, address, and details.

Table of unit trusts including British Airways, British Airways, and others with columns for name, address, and details.

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Advertisement for Southeast Banking Corporation, U.S. \$75,000,000, Floating Rate Subordinated Notes Due 1996. Includes Morgan Guaranty Trust Company of New York as agent.

FT CROSSWORD PUZZLE No. 6,201

Crossword puzzle grid with numbers 1 through 31 indicating starting positions for clues.

Crossword clues: 1 Staggered to see Ruby embracing a swimmer (8), 2 Creates confusion around river banks (8), etc.

Solution to Puzzle No. 6,200. Includes words like HOMEMADE, MIZEL, etc.

Main table of FT Unit Trust Information Service, listing hundreds of unit trusts with columns for name, address, and details.

AUTHORISED UNIT TRUST & INSURANCES

Main table listing various financial products, companies, and their details. Includes columns for company names, product names, and numerical values.

Handwritten signature or mark at the bottom right of the page.

INSURANCE, OVERSEAS & MONEY FUNDS

Table of financial data for various insurance and overseas funds, including company names, fund names, and numerical values.

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Money Market Trust Funds

Money Market Bank Accounts

NOTES

TRADITIONAL OPTIONS

3-month call rates

Table of traditional options and 3-month call rates, including various option types and their corresponding rates.

COMMODITIES AND AGRICULTURE

Maize import plan angers EEC grain trade lobby

BY TIM DICKSON IN BRUSSELS

AN EXTRAORDINARY row has erupted in Brussels over a European Commission plan to purchase 600,000 tonnes of maize from outside the EEC (most of it from the US).

Spanish demand for imported maize has been exceptionally high in the last few months because of the drought this summer and the Commission has taken a number of initiatives to ease the situation, as well as meeting its obligations to the US.

It recently announced for example that both a special EEC subsidy would be granted on EEC maize going to Spain and an additional Ecu 8 reduction in the import levy would be granted for "third country" maize.

LME studies Singapore warehouse plan

By Stefan Wagstyl

THE LONDON Metal Exchange is considering a plan to open a registered warehouse in Singapore, reviving a long-standing debate over extending the exchange's warehouse from Europe to the Far East.

LONDON MARKETS

THE LONDON Metal Exchange aluminium market continued its recent advance yesterday when the cash position gained 56.50 to 588.6 a tonne, a four week high, taking the rise on the week so far to £18 a tonne.

INDICES

Table with columns: REUTERS, Dow Jones, and various market indices with their respective values and changes.

MAIN PRICE CHANGES

Table showing price changes for various commodities like Aluminium, Copper, Lead, Zinc, Tin, and Nickel.

US MARKETS

COFFEE FUTURES were mixed in thin trading as locals tried to reach commission house buy-stops around 142.50c, but soon ran into light trade selling above 141.75c and decided to take profits, reports Heimold.

HEATING OIL

Table showing heating oil prices for different grades and quantities.

ORANGE JUICE

Table showing orange juice prices for various grades and quantities.

SILVER

Table showing silver prices for different grades and quantities.

SUGAR WORLD

Table showing sugar world prices for various grades and quantities.

CHICAGO

Table showing Chicago market prices for various commodities.

MAIZE

Table showing maize prices for different grades and quantities.

SOYABEAN

Table showing soyabean prices for different grades and quantities.

WHEAT

Table showing wheat prices for different grades and quantities.

MEAT

Table showing meat prices for various types and quantities.

SUGAR

Table showing sugar prices for different grades and quantities.

GRAIN

Table showing grain prices for various types and quantities.

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Table showing grain prices for various types and quantities.

Farm aid agency seeks funding boost

By A Special Correspondent

MR IDRISI Jazairy, president of the International Fund for Agricultural Development (Ifad), yesterday formally presented proposals designed to reduce the uncertainty over the fund's future funding and structure to its governing council in Rome.

The fund, which was set up as a specialised UN agency in the late 1970s to aid small farmers and the landless poor, has recently been dogged by wrangling over money between the industrial countries and members of Opec, which was supposed at the outset to contribute half the funding each.

Other suggestions seriously canvassed include cutting the maturity period of Ifad loans and giving more to richer developing countries which can afford to pay higher interest rates.

Tin affair likened to South Sea bubble

By RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE AFFAIRS of the International Tin Council are a public scandal the like of which has not been seen since the South Sea Bubble, it was alleged in the High Court yesterday.

The comparison was made by Mr Andrew Morrill, QC, representing Amalgamated Metal Trading, a London Metal Exchange trader that wants the ITC to be wound up by the court.

What the case was actually about, said Mr Morrill, was a defuncting debtor who, after speculating in commodities, leaves a train of unsatisfied creditors behind him.

LME studies Singapore warehouse plan

By Stefan Wagstyl

THE LONDON Metal Exchange is considering a plan to open a registered warehouse in Singapore, reviving a long-standing debate over extending the exchange's warehouse from Europe to the Far East.

Late harvest slows orange juice sales

By Ann Charters in Sao Paulo

ORANGE JUICE exports from Brazil, by far the world's largest exporter, have slowed to a trickle, partly as a result of a delay in harvesting the 1986-87 crop.

Growers are experiencing an extended harvest period following last year's drought, with the largest number of oranges ripening in December, January and February. The volume produced is expected to be large.

ALUMINIUM

Table showing aluminium prices for different grades and quantities.

COPPER

Table showing copper prices for different grades and quantities.

COFFEE

Table showing coffee prices for different grades and quantities.

LEAD

Table showing lead prices for different grades and quantities.

NICKEL

Table showing nickel prices for different grades and quantities.

TIN

Table showing tin prices for different grades and quantities.

ZINC

Table showing zinc prices for different grades and quantities.

GOLD

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SILVER

Table showing silver prices for different grades and quantities.

SOYABEAN MEAL

Table showing soyabean meal prices for different grades and quantities.

COCAOA

Table showing cocoa prices for different grades and quantities.

POTATOES

Table showing potato prices for different grades and quantities.

CRUDE OIL

Table showing crude oil prices for different grades and quantities.

GRAINS

Table showing grain prices for various types and quantities.

WHEAT

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BARLEY

Table showing barley prices for different grades and quantities.

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NEW YORK

Table showing New York market prices for various commodities.

COCAOA

Table showing cocoa prices for different grades and quantities.

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SUGAR

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Fish oil consumption down 40 per cent

BY ANDREW GOWERS

CONSUMPTION of fish oil, normally an important ingredient in margarine and biscuits in European countries, has collapsed this year as edible oil refiners have switched to palm oil, according to figures just published by the International Association of Fish Meal Manufacturers.

Table showing fish oil production in various countries for 1986 and 1985.

The picture is brighter for fish meal, which is used in animal feed. Production in the main exporting countries (broadly the same as those exporting fish oil) between January and September totalled 2.08m tonnes, about 20 per cent up on the equivalent in 1985.

Brewers elect chairman

MR ANTHONY FULLER, chairman and managing director of Fuller, Smith and Turner, the London family-owned brewing business has been elected chairman of the Brewers' Society.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

US dollar little changed

THE DOLLAR finished slightly up from Wednesday's level in the foreign exchange market yesterday. Trading for most of the day was dull and featureless. Dealers suggested that trading for the rest of the year was likely to be confined to a narrow range. While end of year corporate demand has underpinned the US dollar, there has not been any incentive to push it convincingly through the DM 2.02 level.

There was little activity in Frankfurt yesterday. The dollar was fixed at DM 2.0009 against DM 2.0202 on Wednesday and there was no intervention by the Bundesbank. There was little activity because traders were reluctant to open fresh positions ahead of the New Year. Consequently the US unit traded within a narrow range and the prospect of further US economic data being released failed to create any speculative positions. A 0.5 per cent rise in US retail sales was exactly in line with expectations and so trading in the afternoon was extremely quiet. The dollar closed at DM 2.0185 from DM 2.0103.

JAPANESE YEN—Trading range against the dollar in 1986 is 192.78 to 192.33. November average 192.77. Exchange rate index 296.5 against 296.5 six months ago.

FINANCIAL FUTURES

Late squeeze on gilts

LONG TERM gilt futures rose sharply in late trading on the London International Financial Futures Exchange yesterday, reflecting a bear squeeze on the market. Dealers identified Barclays Wadd & Zocot as the major trader pushing the price up and suggested that the move was well engineered to catch the market out after an otherwise quiet day's trading. Long term gilts for March delivery opened at 108.13, and fell to a low of 108.05 in the morning, before moving up to 108.20, and then trading in a range of 108.12 to 108.18 for the rest of the morning. The contract drifted up to around 108.27, and was then driven quickly through 108.00 to a high of 108.16 in the last few minutes of trading on Liffe, before Barclays Wadd & Zocot turned seller, taking the price down to 108.12 at the close, compared with 108.12 previously.

Three-month sterling deposit futures traded very quietly with dealers commenting that there is now very little incentive to do business ahead of the year-end. The market is trading very close to cash values, showing no indication that UK bank base rates are likely to change in the foreseeable future. March sterling deposits opened at 88.89, and closed at 88.70.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Last, Vol, Last, Vol, Last, Stock. Lists various financial instruments and their trading volumes and prices.

CHICAGO

LIVE CATTLE 40,000 lb. contract. Dec 11: 51.75, 51.75, 51.75. Dec 12: 51.75, 51.75, 51.75.

STERLING INDEX

Table with columns: Dec. 11, Dec. 12, Previous. Shows index values for sterling.

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, Rate, % change. Lists EMU rates for various countries.

POUND SPOT—FORWARD AGAINST THE POUND

Table with columns: Dec. 11, Dec. 12, Previous. Shows pound spot and forward rates.

CHICAGO

U.S. TREASURY BONDS (91% PT). Dec 11: 94.50, 94.50, 94.50. Dec 12: 94.50, 94.50, 94.50.

BASE LENDING RATES

Table with columns: Bank, Rate, % change. Lists base lending rates for various banks.

CURRENCY RATES

Table with columns: Dec. 11, Dec. 12, Previous. Shows currency rates for various countries.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Table with columns: Dec. 11, Dec. 12, Previous. Shows dollar spot and forward rates.

EURO-CURRENCY INTEREST RATES

Table with columns: Dec. 11, Dec. 12, Previous. Shows Euro-currency interest rates.

CURRENCY MOVEMENTS

Table with columns: Dec. 11, Dec. 12, Previous. Shows currency movements.

EXCHANGE CROSS RATES

Table with columns: Dec. 11, Dec. 12, Previous. Shows exchange cross rates.

CURRENCY FUTURES

Table with columns: Dec. 11, Dec. 12, Previous. Shows currency futures.

OTHER CURRENCIES

Table with columns: Dec. 11, Dec. 12, Previous. Shows other currencies.

FT LONDON INTERBANK FIXING

Table with columns: Dec. 11, Dec. 12, Previous. Shows FT London interbank fixing.

MONEY RATES

Table with columns: Dec. 11, Dec. 12, Previous. Shows money rates.

NEW YORK

Table with columns: Dec. 11, Dec. 12, Previous. Shows New York market data.

LONDON MONEY RATES

Table with columns: Dec. 11, Dec. 12, Previous. Shows London money rates.

UK clearing bank base lending rate

UK clearing bank base lending rate 11 per cent since October 15.

MEAT

Table with columns: Dec. 11, Dec. 12, Previous. Shows meat prices.

SUGAR

Table with columns: Dec. 11, Dec. 12, Previous. Shows sugar prices.

FREIGHT

Table with columns: Dec. 11, Dec. 12, Previous. Shows freight rates.

London stays quiet and steady

THE APPROACHING year-end and the Christmas holiday period has brought trading on the London money market to a very low level. The increased popularity of the Conservative Party in the most recent public opinion polls has helped to keep sterling steady and the yield curve was virtually flat, with 12-month money at 11 1/2 per cent.

UK clearing bank base lending rate

UK clearing bank base lending rate 11 per cent since October 15.

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BRITISH FUNDS

Table of British Funds with columns for Name, Stock, Price, and % Chg. Includes sections for 'Shorts' (Lives up to Five Years), 'Five Fifteen Years', and 'Over Fifteen Years'.

Index-Linked

Table of Index-Linked funds with columns for Name, Stock, Price, and % Chg.

GOVT. BANK AND OSEAS GOVT. STERLING ISSUES

Table of Government and Overseas Government Sterling issues with columns for Name, Stock, Price, and % Chg.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Stock, Price, and % Chg.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans with columns for Name, Stock, Price, and % Chg.

LOANS

Table of Loans with columns for Name, Stock, Price, and % Chg.

Public Board and Ind.

Table of Public Board and Industrial funds with columns for Name, Stock, Price, and % Chg.

Financial

Table of Financial funds with columns for Name, Stock, Price, and % Chg.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns for Name, Stock, Price, and % Chg.

AMERICANS

Table of American funds with columns for Name, Stock, Price, and % Chg.

AMERICANS - Cont.

Continuation of American funds table with columns for Name, Stock, Price, and % Chg.

CANADIANS

Table of Canadian funds with columns for Name, Stock, Price, and % Chg.

BANKS, HP & LEASING

Table of Banks, Home Products, and Leasing funds with columns for Name, Stock, Price, and % Chg.

BEERS, WINES & SPIRITS

Table of Beers, Wines, and Spirits funds with columns for Name, Stock, Price, and % Chg.

BUILDING, TIMBER, ROADS

Table of Building, Timber, and Roads funds with columns for Name, Stock, Price, and % Chg.

DRAPERY & STORES

Table of Drapery and Stores funds with columns for Name, Stock, Price, and % Chg.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. funds with columns for Name, Stock, Price, and % Chg.

HOTELS AND CATERERS

Table of Hotels and Caterers funds with columns for Name, Stock, Price, and % Chg.

INDUSTRIALS (Misc.)

Table of Industrial funds (Miscellaneous) with columns for Name, Stock, Price, and % Chg.

ENGINEERING

Table of Engineering funds with columns for Name, Stock, Price, and % Chg.

LONDON SHARE SERVICE

Main section of the London Share Service containing multiple columns of stock prices and changes for various sectors including Building, Timber, Roads, Drapery & Stores, Electricals, Chemicals, Plastics, Banks, HP & Leasing, Beers, Wines & Spirits, Building, Timber, Roads, Drapery & Stores, Food, Groceries, Etc., Hotels and Caterers, Industrials (Misc.), and Engineering.

ENGINEERING - Continued

Continuation of the Engineering section from the London Share Service.

INDUSTRIALS - Continued

Continuation of the Industrials section from the London Share Service.

Final continuation of the Industrials section from the London Share Service.

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Vertical text on the left margin, likely a continuation of the previous page's content.

Table with columns: Stock, Price, Change, etc. Section: INDUSTRIALS—Continued.

Table with columns: Stock, Price, Change, etc. Section: LEISURE—Continued.

Table with columns: Stock, Price, Change, etc. Section: PROPERTY—Continued.

Table with columns: Stock, Price, Change, etc. Section: INVESTMENT TRUSTS—Cont.

Table with columns: Stock, Price, Change, etc. Section: FINANCE, LAND—Cont.

Table with columns: Stock, Price, Change, etc. Section: MINES—Continued.

Table with columns: Stock, Price, Change, etc. Section: MOTORS, AIRCRAFT TRADES.

Table with columns: Stock, Price, Change, etc. Section: COMPONENTS.

Table with columns: Stock, Price, Change, etc. Section: SHIPPIING.

Table with columns: Stock, Price, Change, etc. Section: SOUTH AFRICANS.

Table with columns: Stock, Price, Change, etc. Section: OVERSEAS TRADERS.

Table with columns: Stock, Price, Change, etc. Section: PLANTATIONS.

Table with columns: Stock, Price, Change, etc. Section: INSURANCES.

Table with columns: Stock, Price, Change, etc. Section: TOBACCO.

Table with columns: Stock, Price, Change, etc. Section: TRUSTS, FINANCE, LAND.

Table with columns: Stock, Price, Change, etc. Section: FINANCE, LAND, etc.

Table with columns: Stock, Price, Change, etc. Section: MINES.

Table with columns: Stock, Price, Change, etc. Section: REGIONAL & IRISH STOCKS.

Notes and footnotes at the bottom of the page, including 'Notes' and 'Regional & Irish Stocks'.

LONDON STOCK EXCHANGE

OPEC optimism inspires late surge in Gilt-edged but equities make little response

Account Dealing Dates

Table with columns for 'First Declared', 'Last Account Dealing', 'Last Day', and 'First Day' for various months from Dec 24 to Jan 19.

A somewhat indecisive trading session in the UK securities market ended on a brighter note encouraged by rumours that the OPEC ministers, meeting in Geneva, were moving towards agreement on cuts in oil production.

Another successful performance by the pound also helped the bond sector. The improvement in sterling this week has taken the sterling exchange rate index well clear of the levels at which the City feared for increases in bank base rates a month ago.

However, support for gilts was thin yesterday until the OPEC numbers brought to some welcome investment from abroad. Gains of 3/4 of a point, which had reflected the early strength of the pound, were quickly extended and, with the market set now devoid of any net gains of a full point were on record at the close.

cent stake in the UK merchant banking conglomerate to a Canadian pension fund, fell 20 more making a two-day decline of 48 at 351p. Kleinwort Benson, on the other hand, found support and rose 10 at 500p.

Wilding Oil Equipment were the pick of yesterday's newcomers, the shares closing at the day's best level of 148p, a first day premium of 15 1/2p, while computer group Log-tek settled at 88p against the placing price of 85p.

Publicity given to analysts Savoury Mill's bullish view of Construction industry prospects imparted firmness to selected leading building issues. However, overall business remained on the low side and active interest rises were generally modest.

FINANCIAL TIMES STOCK INDICES table showing various indices like Government Secs, Fixed Interest, and Gold Mines with their 11am, 12.30pm, and 4pm values.

10 a.m. 1290.4, 11 a.m. 1292.5, Noon 1293.0, 1 p.m. 1289.4, 2 p.m. 1289.2, 3 p.m. 1289.9, 4 p.m. 1289.9

Day's High 1292.6, Day's Low 1284.0, Base 100 Gilt Secs 15/10/26, Fixed Int. 1926, Ordinary 17/35, Gold Mines 12/9/55, SE Activity 1974 *M=11.19

LONDON REPORT AND LATEST SHARE INDEX TEL. 01-246 8026

profit-taking brought Wednesday's high-flier Downdraze down 5 to 82p, while selling of a similar nature lowered Hall Engineering 11 to 235p.

the demand and the price rose quickly to settle 5 up at 96p. Spic also 5 dearer at 101p, were another feature in the Motor Components sector where FR gave back part of Wednesday's sharp rise to end 5 down at 319p.

A report that Robert Maxwell was near to purchasing a major US publishing house generated a fair amount of enthusiasm for BPCC. Several million shares changed hands during the session, which a leading market-maker described as "another road show," and brought a close of 10 higher at 248p.

Specialist investors began seeking on Investment Trust warrants and, in a difficult market, Murray Venture spurred 12 to 143p. Edlward Investment warrants gained 4 to 65p and Threemartin Trust warrants were similarly better at 126p.

Oil's higher The oil majors traded firmly on hopes that the latest OPEC meeting could lead to higher crude prices. British was the sector's most active counter and closed 7 higher at 156p as 7.6m shares were traded.

bidder may emerge following the lapsing of the Gulf Resources offer. 1C Gas gained 26 to 554p. Triton Energy rallied 8 to 133p, after 126p.

Consolidated Gold Fields remained a volatile market up to 674p in the early business reflecting revived enthusiasm amid persistent chatter of a break-up bid attempt in the near future.

Business in South African Gold was reduced to a near-still. The Secretary of State for South African interest rates and a slightly easier showing by the Financial Rand prompted occasional interest from Johannesburg and this proved to be sufficient to lift the FT Gold Mines index 4.3 to 316.9—the first improvement in five trading sessions.

Australian mines made useful progress across the board as London mirrored the firm showing by overnight Sydney and Melbourne

markets. Sentiment was helped by the Australian government's decision to abolish double taxation on dividends coupled with the improved balance of payments deficit for November.

Traded Options Dealers continued to report substantial demand for Traded Options from both professional operators and private clients. Although volume was reduced from levels attained earlier in the week, total contracts traded were still amounted to 42,187.

Gold Fields volatile Consolidated Gold Fields remained a volatile market up to 674p in the early business reflecting revived enthusiasm amid persistent chatter of a break-up bid attempt in the near future.

Traditional Options First dealings Dec 15 Jan 5, Last dealings Dec 12 Jan 16, Last declaration Mar 5 Mar 19 Apr 2, Full Settlement Mar 18 Mar 29 Apr 13

Call options were taken out in Bellair Bar, Soud Diffusion, Greenwich Resources, British Business and Minerals, MIRA, Business Computer, Agricon, Marley, Mercantile House, Grand Metropolitan, Anderson, Glycer, Mercury Securities, Transworld, Afr-West, London Securities, Johnson and Fifth, Brown, British Gas, Weld, Elswick, Amstrad, The Times, Vener, Reabrook and William Bonhous.

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TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various stocks like ASIA-MFI, Anglo Lyons, BAI, BOC, etc., with columns for Volume, Closing Price, and Day's Change.

NEW HIGHS AND LOWS FOR 1986

Table listing new highs and lows for various sectors like AMERICANS (1), BUILDINGS (2), CHEMICALS (3), etc.

London Traded Options were not available for this edition.

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table showing EQUITY GROUPS & SUB-SECTIONS for Thursday December 11 1986, with columns for Index, Day's Change, and various sub-sections like CAPITAL GOODS, BUILDINGS, etc.

Table showing FIXED INTEREST with columns for Index, Day's Change, and various interest-bearing instruments like British Government, Insurance, etc.

FT-SE 100 SHARE INDEX 1634.0, FT-SE 100 SHARE INDEX 1634.0, FT-SE 100 SHARE INDEX 1634.0

OFFICE EQUIPMENT SURVEYS 1987

The Financial Times is proposing to publish the following Surveys on the dates listed below:

- Friday 20 February Office Design and Furniture
Monday 23 February Electronics in Printing (Desk Top Publishing)
DTBA April Information Management
Wednesday 29 April Mobile Communications
Monday 8 June Refreshment
Tuesday 1 September Office Equipment
Monday 19 October Telecommunications

Information can be obtained from: MEYRICK SIMMONDS Telephone 01-248 8000 ext. 4540 or your usual Financial Times representative.

RISES AND FALLS YESTERDAY

Table showing rises and falls for various categories like British Funds, Corporate Bonds, etc.

LONDON RECENT ISSUES

Table showing recent issues for various stocks like Aldred Group 10p, Australia Int. Writs, etc.

FIXED INTEREST STOCKS

Table showing fixed interest stocks like Essex Water 1 1/4% Red. Deb. 2002-04, etc.

"RIGHTS" OFFERS

Table showing rights offers for various companies like Glenfield Leverage, etc.

Recommendation date usually last day for dealing free of stamp duty. 1 Annualized dividend, 2 Dividend rate paid or payable on part of capital, 3 Figures based on prospectus estimates, 4 Assumed dividend and yield, 5 Assumed dividend and yield after scrip issue, 6 Forecast dividend official estimates for 1987, 7 Dividend yield based on prospectus or other official estimates, 8 Forecast dividend official estimates for 1987, 9 Forecast dividend official estimates for 1987, 10 Forecast dividend official estimates for 1987.

Markets. Sentiment was... Australian government... to abolish double taxation... improved balance of... deficit for November... Traded Options... Dealers continued to... demand for... persons from both... through volume... on levels... all amounted to... edging was again... which attracted... 4.273 puts... entered on new... recorded 5,313 calls... ere struck in... eries. A useful... balanced business... British Telecom... Figures: FT continued... calls and 1,500 puts... Traditional Options... First dealings... Dec 12 Jan 5... Dec 12 Jan 10... Mar 5 Mar 10... Mar 16 Mar 30... For rate movements... Call options were... Greenwich Resources... and Minerals, Micro... Systems, Agrico... Mercantile Inter... Metropolitan, Ad... Tricentral, Merc... Securities, Johnson... Brown, British Ga... Amstar, "The Times... and Brook and Wil... Put were struck in... and Seed Diffusion... doubles were... Amstar, Greenwhi... and Canroy.

Table with columns for Country (Austria, Germany, Norway, Australia, Canada), Date (Dec. 11), Price, and Change (+ or -). Lists various stocks and their market performance.

Table with columns for Country (Australia, Canada), Date (Dec. 11), Price, and Change (+ or -). Lists various stocks and their market performance.

Table with columns for Country (Canada), Date (Dec. 11), Price, and Change (+ or -). Lists various stocks and their market performance.

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OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Large table listing over-the-counter market prices for various stocks, including columns for Stock, Sales, High, Low, Last, and Change.

Advertisement for Financial Times featuring the headline 'Get your News early in Stuttgart' and 'Staying in ISTANBUL?'. Includes contact information for subscriptions and advertising.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of stock prices with columns for 12 Month High/Low, Stock Name, Price, and Change. Includes sub-sections for 12 Month High/Low, Stock Name, Price, and Change.

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Main table of NYSE Composite Closing Prices, listing various stocks with columns for stock name, price, and change.

Table of AMEX Composite Closing Prices, listing various stocks with columns for stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market, 2:30pm prices

Table of Over-the-Counter (Nasdaq) national market closing prices, listing various stocks with columns for stock name, price, and change.

WORLD TRADE NEWS GLOBAL COMMENT DAILY IN THE FT

